



FREDERIC BASTIAT:

Ideas and Influence

Dean Russell

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THE FOUNDATION FOR ECONOMIC EDUCATION
Irvington-on-Hudson, New York 10533 • 1969

The Author and Publisher

DEAN RUSSELL, well known for his lucid writing and lecturing, was for many years a member of the staff of the Foundation for Economic Education. He also has served in industry as economist and consultant. This volume is an outgrowth of his doctoral thesis under Dr. Wilhelm Röpke at the Graduate Institute of International Studies in Geneva. He has taught economics at the college level since 1960 and currently heads the Department of Economics at Hillsdale College in Michigan.

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Published March, 1965

2nd Printing, May, 1969

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PRINTED IN THE UNITED STATES OF AMERICA

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Author's Preface

The purpose of this book is fourfold. First, it is the biography of Frederic Bastiat, 1801-1850, the political economist and legislator who led the various campaigns for free trade (and against socialism) in France from 1845 to 1850. The background, philosophy, and career of Bastiat will be examined in considerable detail. This will automatically include the story of the free trade movement in France from 1845 to 1860 and how it was inspired by the more successful one in Great Britain.

Second, a summary of the free trade movement in Britain from 1838 to 1846 will also be offered. It will be confined to a brief review because the story is too well known in the United States to be offered in detail here again. The primary objective of the summary will be to show how the approach used successfully in Britain was unsuccessful when tried in France. The approach to free trade that finally did enjoy a partial triumph in the French political situation of that time will then be developed. It is hoped that this story of the different approaches to the same goal in the two nations will also serve another purpose: Perhaps the procedures and results will be of value to persons who are searching today for practical ways and means to turn abstract ideas into political reality. The personal and professional interrelationships of the three most important free trade leaders in France and England—Richard Cobden, Frederic Bastiat, and Michel Chevalier—will automatically appear in some detail.

Third, Bastiat has hitherto been judged primarily by his contribution to economics; and it is generally agreed that he made no original or significant additions to that science. For some unknown reason, Bastiat's contribution to the science of government has gone largely unnoticed. Perhaps this book will serve to give him the credit he so clearly deserves for

his challenging ideas on both the philosophy and mechanical operation of government.

Fourth, this book will offer considerable evidence of the continuing (and increasing) influence of Bastiat after his untimely death, including the remarkable revival of his works in the United States during the past 20 years.

At various times during 1956-59, I was a student at the Graduate Institute of International Studies, University of Geneva. My doctoral thesis, published in Geneva in the fall of 1959, was *Frederic Bastiat and the Free Trade Movement in France and England, 1840-1850*. Most of the material in that thesis has been rewritten and incorporated herein and forms perhaps one-half of this book.

In the introduction to my doctoral thesis, I acknowledged the extensive help that I received from several persons during my research in France, England, Switzerland, and the United States. It is with great respect that I here record the chief among them—Dr. William Röpke, Professor of Economics at the Graduate Institute of International Studies.

My original doctoral study on this subject is rigorously documented by the use of extensive footnotes on almost every page. And that thesis also retains the actual French words (no English translation) of the extensive quotations I used from sources in that language. Obviously the above procedures would be inappropriate in this book that is written for a more general readership. Thus the customary reference-footnotes have been condensed and relegated herein to a "Notes" section in the appendix.

To the best of my knowledge and ability, in my translations and interpretations from the French language, I have said in English what Bastiat (and others) said in French. It is my belief that a translator is obligated to put the original author's *ideas* into the most readable and idiomatic English of which he is capable. Thus I have tended to follow Bastiat more on an idea-for-idea basis than on a word-for-tortured-word basis. My objective has been to do justice to the unique style of Bastiat by making him as lively and clear in English as he was in his original French.

I

Source and Purpose of Government

The political economist, Frederic Bastiat, is the author of perhaps the most damning definition of government ever penned: "The state is the great fiction by which everybody tries to live at the expense of everybody else."¹

Since this book is primarily about the philosophy and influence of Bastiat, certainly his general philosophy on the justification and proper use of the collective force of society (government) should be understood before we concern ourselves with his economic beliefs and the details of his career.

As we shall see later on, Bastiat held positive and controversial ideas on the proper *mechanical organization* of government. But he was far more interested in *what government should do* than he was in how it should be organized. The best source of his ideas on the proper functions of government is *The Law*, a long pamphlet written during the first half of 1850, a few months before his death.² After a lifetime of studying government—and participating in it on both the local and national levels—this booklet was his "last will and testament" on the subject. Bastiat began his pamphlet with this startling accusation:

"The law perverted! And the police powers of the state perverted along with it! The law, I say, not only turned from its proper purpose but made to follow an entirely contrary purpose! The law become the weapon of every kind of

¹ For documentation of sources, see "Notes" in Appendix, page 145 ff.

greed! Instead of checking crime, the law itself guilty of the evils it is supposed to punish!

"If this is true, it is a serious fact, and moral duty requires me to call the attention of my fellow citizens to it."

After that eye-opening introduction, Bastiat spelled out his concept of moral law (frequently referred to as natural law) as the source of all life and progress—and thus the proper basis for all relationships among men.

"We hold from God the gift that includes all others. This gift is life—physical, intellectual, and moral life. But life cannot sustain itself alone. The Creator of life has entrusted us with the responsibility of preserving, developing, and perfecting it. In order that we may accomplish this, he has provided us with a collection of marvelous faculties. And he has put us in the midst of a variety of natural resources. By the application of our faculties to these natural resources, we convert them into products and use them. This process is necessary in order that life may run its appointed course.

"Life, faculties, production—in other words, individuality, liberty, property—this is man. And in spite of the cunning of artful political leaders, these three gifts from God precede all human legislation and are superior to it. Life, liberty, and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty, and property existed beforehand that caused men to make laws in the first place."

It would be difficult indeed to find a more terse summary of the source and purpose of law. And from it, Bastiat deduced the central theme of his concept of the proper functions and limits of government—that is, two or more persons acting together have no right whatever to do collectively anything that is forbidden to the individuals in the group. Bastiat spelled out the rights of individuals (and thus of groups) as follows:

"What, then, is law? It is the collective organization of the individual right to lawful defense.

"Each of us has a natural right—from God—to defend his person, his liberty, and his property. . . . If every person has the right to defend—even by force—his person, his liberty, and his property, it then follows that a group of men have the right to organize and support a common force (government)

to protect these rights constantly. Thus the principle of collective right—its reason for existing, its lawfulness—is based on individual right. And the common force that protects this collective right cannot logically have any other purpose or any other mission than that for which it acts as a substitute. Thus since an individual cannot lawfully use force against the person, liberty, or property of another individual, then the common force (government) cannot legitimately be used to destroy the person, liberty, or property of individuals or groups. . . . This common force of government is to do only what individuals have a natural and lawful right to do—to protect persons, liberties, and properties; to maintain the equal rights of each person; and to cause *justice* to reign over us all.

“If a nation were founded on this basis, it seems to me that order would prevail among the people, in thought as well as in deed. It seems to me that such a nation would have the most simple, easy to accept, economic, just, nonoppressive, limited, and enduring government imaginable—whatever its political and mechanical form might be.

“Under such an administration, everyone would understand that he possesses all the privileges, as well as all the responsibilities, of his existence. No one would have any argument with government, provided that his person is respected, his labor is not controlled, and the fruits of his labor are protected against all unjust attack. When successful, we would not have to thank the state for our success. And conversely, when unsuccessful, we would no more think of blaming the state for our misfortune than would the farmers blame the state because of hail or frost. The state would be felt only by the invaluable blessings of safety provided by this concept of government. . . .

“But, unfortunately, law [government] by no means confines itself to its proper functions. And when it has exceeded its legitimate spheres of action, it has not done so merely in some inconsequential and debatable matters. The law has gone further than that; it has acted in direct opposition to its own purpose. The law has been used to destroy its own legitimate objective: It has been applied to annihilating the justice that it is supposed to maintain; to limiting and destroying rights that it is supposed to respect. The law has placed the collective force at the disposal of the unscrupulous who wish,

without risk, to exploit the person, liberty, and property of others. It has converted plunder into a right, in order to protect plunder. And it has converted legitimate defense into a crime, in order to punish legitimate defense.”

Naturally, Bastiat speculated about the cause of this perversion of the law. He found it in the nature of man himself:

“The law has been perverted by the influence of two entirely different causes: stupid greed and false philanthropy. Let us speak of the first.

“Self-preservation and self-development are common aspirations among all people. And if everyone enjoyed the unrestricted use of his faculties and the free disposition of the fruits of his labor, social progress would be ceaseless, uninterrupted, and unfailing.

“But there is also another tendency that is common among men. When they can, they wish to live and prosper at the expense of others. This is no rash accusation. Nor does it come from a gloomy and uncharitable spirit. The annals of history bear witness to the truth of it: the incessant wars, forced migrations, religious persecutions, universal slavery, dishonesty in commerce, and monopolies. This fatal desire has its origin in the very nature of man—in that primitive, universal, and insuppressible instinct that impels him to satisfy his desires with the least possible effort.

“Man can live and satisfy his wants legitimately only by ceaseless labor, by the ceaseless application of his faculties to natural resources. This process is the origin of property. But it is also true that a man may live and satisfy his wants illegitimately by seizing and consuming the products of the labor of others. This process is the origin of plunder.

“Now since man is naturally inclined to avoid pain—and since labor is pain in itself—it follows that men will resort to plunder whenever plunder is easier than work. History shows this quite clearly. And under these conditions, neither religion nor morality can stop it. When, then, does plunder stop? It stops when it becomes more painful and more difficult than labor.

“It is evident, then, that the proper purpose of law is to use the power of its collective force to stop this fatal tendency to plunder instead of to work. All the measures of the law should protect property and punish plunder.”

Bastiat recognized, of course, the fact that government is necessary—and that, confined to its legitimate functions, the force of government is a positive good for persons and the community. But what is the individual to do when the government violates its proper purpose? Perhaps better than anyone before or since, Bastiat clearly stated the dilemma that a person faces when law conflicts with conscience:

“It is impossible to introduce into society a greater change and a greater evil than the conversion of the law into an instrument of plunder. . . . The effect of that procedure is to erase from everyone’s conscience the distinction between justice and injustice.

“No society can exist unless the laws are respected to a certain degree. The best way to make laws respected is to make them respectable. When law and morality conflict with each other, the citizen is faced with the cruel alternative of losing either his moral sense or his respect for the law. These two evils are of equal consequence, and it would be difficult for a person to choose between them.

“The true nature of law is to maintain justice. This is so much the case that, in the minds of most people, law and justice are one and the same thing. There is in all of us a strong disposition to believe that anything lawful is also proper. This belief is so widespread that many persons have erroneously held that things are ‘just’ because law makes them so. Thus, in order to make plunder appear just and sacred to many consciences, it is only necessary for the law to decree and sanction it. Slavery, controls, and monopoly find defenders not only among those who profit from them but even among those who suffer from them.”

It is self-evident that, under Bastiat’s concept of the legitimate functions of government, the moral justification for a law can never be based on majority vote. As he explained in various places and in various ways: If right and wrong are to be determined by majority vote, then slavery itself can easily be justified. But since no *individual* has the right to enslave another individual, then no group of individuals can possibly have such a right. Always, Bastiat returned to his original starting point: Does the individual have a moral right to do what the collective is doing? If not, then according to Bastiat, the government is committing an immoral act and a “legal crime.”

It should be noted at this point, however, that Bastiat did not recommend that the government *should* do everything that each individual has a moral right to do; rather, the government should do only those moral things that directly concern all individuals alike—and even then only if the people in general want the government to do them and are willing to pay the necessary taxes. He listed such “common interest” tasks and problems as the waging of defensive wars, maintaining the police force for domestic order, building “necessary” public works, and the keeping of “needed” records.

As a specific example of how the legal and democratic right to vote may be used for an immoral purpose, Bastiat cited the situation in the United States in 1850:

“As long as it is admitted that the law may be diverted from its true purpose—that it may violate property instead of protecting it—then everyone will want to participate in making the law, either to protect himself against plunder or to use it for plunder. Political questions will always be dominant and all-absorbing. . . .

“Is there any need to offer proof that this odious perversion of the law is a perpetual source of hatred and discord, and that it tends to destroy society itself? If such proof is needed, look at the United States [in 1850]. There is no country in the world where the law is kept more within its proper domain—protecting the liberty and property of every person. As a consequence of this, there appears to be no country in the world where the social order rests on a firmer foundation. But even in the United States, there are two issues that have always endangered the public peace. They are slavery and tariffs.

“In those two areas, contrary to the general spirit of the republic of the United States, law has assumed the character of plunder. Slavery is a violation, by law, of liberty. The protective tariff is a violation, by law, of property.

“It is a most remarkable fact that this double *legal crime*—a sorrowful inheritance from the Old World—should be the only issues that can, and perhaps will, lead to the ruin of the Union.”

While the reasons for any war are exceedingly complex, the fact remains that the efforts of northern manufacturers to protect their domestic markets from foreign competition—and the efforts of southern landowners to retain their cheap

slave labor—led directly to the breakup of the Union ten years after Bastiat's prediction. According to his thesis, if the law had been confined to its proper function—protecting equally the persons, liberty, and property of all people in the United States—there would have been no slavery and no protective tariffs, and thus no reason for war.

A popular quotation, "If goods don't cross borders, armies will," has frequently been attributed to Bastiat. That exact quotation does not appear in any of his writings. The sentiment, however, was clearly endorsed by Bastiat in several passages. As will be noted later, one of his chief arguments for the abolition of tariffs was that they and similar protective measures are a leading cause of war. He fully expected universal peace to follow the abolition of governmental restrictions against trade and travel among the people of different nations. He believed that tariffs and other restrictions against domestic and foreign trade are merely legal forms of plundering the property of innocent and peaceful persons—in this case, the purchasers of goods and services—and that those persons will naturally rebel against it in one way or another when they understand it. In order that he could not possibly be misunderstood, Bastiat clearly identified the two types of plunder (*spoliation* is the French word he used) that have always plagued mankind:

"There are two kinds of plunder: legal and illegal. I do not think that illegal plunder, such as theft or swindling that the penal code defines and punishes, can be called socialism. It is not this kind of plunder that systematically threatens the foundations of society. Anyway, the war against . . . illegal plunder has been going on since the beginning of mankind. Long before the Revolution—long before the appearance even of socialism itself—France had provided police, judges, prisons, and scaffolds for the purpose of fighting illegal plunder. The law itself conducts this war, and it is my wish and opinion that the law should always maintain this attitude toward plunder.

"But it does not always do this. Sometimes the law defends plunder and participates in it. Thus the beneficiaries are spared the shame and danger that their acts would otherwise involve. Sometimes the law places the whole apparatus of judges, police, and prisons at the service of the plunderers—

and treats the victim, when he defends himself, as a criminal. In short, there is *legal plunder*. . . .

"But how is this legal plunder to be identified? Quite simply. See if the law takes from some persons what belongs to them and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime.

"Then abolish that law without delay. For it is not only an evil in itself but also a fertile source for further evils because it invites reprisals and imitation. If such a law—which may be an isolated case—is not abolished immediately, it will spread, multiply, and develop into a system. . . .

"Legal plunder can be committed in an infinite number of ways. Thus we have an infinite number of plans for organizing it: tariffs, subsidies, progressive taxation, government schools, guaranteed jobs, guaranteed profits, minimum wages, a right to relief, a right to the tools of labor, free credit, and so on and so on. All these plans together—with their common aim of legal plunder—constitute socialism. . . .

"If you wish to be strong, begin by rooting out every particle of socialism that may have crept into your legislation. This will be no light task. . . .

"This question of legal plunder must be settled once and for all, and there are only three ways to settle it: First, the few plunder the many. Second, everybody plunders everybody. Third, nobody plunders anybody.

"We must make our choice among limited plunder, universal plunder, and no plunder. The law can follow only one of these three.

"*Limited legal plunder*: This system prevailed when the right to vote was restricted. Some would turn back to this system to prevent the invasion of socialism.

"*Universal legal plunder*: We have been threatened with this system since the franchise was made universal. The newly enfranchised majority have decided to formulate law on the same principle of legal plunder that was used by their predecessors when the vote was restricted.

"*No legal plunder*: This is the principle of justice, peace, order, stability, harmony, and logic. Until the day of my death, I shall proclaim this principle with all my strength. . . .

"In all sincerity, can anything more than the absence of

plunder be required of the law? Can the law—which necessarily requires the use of force—rationally be used for anything except protecting the equal rights of everyone? I defy anyone to extend it beyond this purpose without perverting it and, consequently, turning might against right. This is the most fatal and most illogical social perversion that can possibly be imagined. It must be admitted that the true solution—so long searched for in the area of social relationships—is contained in these simple words: *Law is organized justice.*

“Now this must be said: When justice is organized by law—that is, by force—this excludes the idea of using law [government] to organize any human activity whatever, whether it be labor, charity, agriculture, commerce, industry, education, art, or religion. The organizing by law of any one of these would inevitably destroy the essential organization—justice. For truly, how can we imagine force being used against the liberty of peaceful citizens without its also being used against justice, and thus acting contrary to its proper purpose?

“Here I encounter the most popular fallacy of our times. It is not considered sufficient for the law to be just; it must be philanthropic. Nor is it sufficient that the law should guarantee to every citizen the free and inoffensive use of his faculties for physical, intellectual, and moral self-improvement. Instead, it is demanded that the law should directly extend welfare, education, and morality throughout the nation.

“This is the seductive lure of socialism. And I repeat: These two uses of the law are in direct opposition to each other. We must choose between them. A citizen cannot at the same time be free and not free.”

As we shall see in a moment, Bastiat could become exasperated indeed with “supermen,” who wanted to control “ordinary men.” But for the most part, he did not question the *motives* and *good intentions* of those who wanted to use the organized force of government for philanthropic purposes:

“The sincerity of those who advocate protectionism, socialism, and communism is not here questioned. Rather, I am attacking an *idea* which I believe to be false; a *system* which

appears to me to be unjust. . . . I have already said that legal plunder is partially based on philanthropy, even though it is a false philanthropy. Now let us examine the origin and the tendency of this popular aspiration that claims to advance the general welfare by general plunder.

“Since the law organizes justice, the socialists ask why the law should not also organize labor, education, and religion. But the law cannot be used for those purposes without destroying justice. We must remember that law is force, and that, consequently, the proper functions of the law cannot logically extend beyond the proper functions of force. And thus the organization of education, labor, and religion cannot logically be the proper purpose of the police powers.

“When law and force keep a person within the bounds of justice, they operate only in a negative fashion. They merely restrain one person from harming another. . . . But when the law, by means of its necessary agent, force, imposes upon men a regulation of labor, a method or a subject of education, a religious faith or creed—then the law no longer acts negatively; it acts positively upon people. It substitutes the will of the legislator for their own wills; the initiative of the legislator for their own initiatives. When this happens, the people no longer need to discuss, to compare, to plan ahead; the law does all this for them. Intelligence becomes a useless prop for the people; they cease to be men; they lose their personality, their liberty, their property. . . .

“When a politician views society from the seclusion of his office, he is struck by the inequality that he sees. He deplores the deprivations that are the lot of so many of our brothers, deprivations that appear to be even sadder when contrasted with luxury and wealth.

“Perhaps the politician should ask himself whether this state of affairs has not been caused by old conquests and lootings, and by more recent legal plunder. Perhaps he should consider this proposition: Since all persons seek well-being and advancement, would not a condition of justice be sufficient to cause the greatest efforts toward progress and the greatest possible equality that is compatible with individual responsibility? Would not this be in accord with the concept of personal responsibility that God has willed in order that mankind may have the choice between vice and virtue and the resulting punishment and reward?

"But the politician never gives this a thought. His mind turns to organizations, combinations, and arrangements—legal or apparently legal. He attempts to remedy the evil by increasing and perpetuating the very thing that caused the evil in the first place—legal plunder. . . .

"The socialist says, 'But there are persons who have no money,' and he turns to the law. . . . But nothing can enter the public treasury for the benefit of one citizen or one class unless other citizens and other classes have been *forced* to send it in. If every person draws from the treasury the amount he has contributed, it is true that the law then plunders nobody. But that procedure would do nothing for the persons who have no money. It would not promote equality of income. The law can be an instrument of equalization only as it takes money from some persons and gives it to other persons. When the law does that, it is an instrument of plunder.

"With that in mind, examine the protective tariffs, subsidies, guaranteed profits, guaranteed jobs, relief and welfare schemes, government education, progressive taxation, free credit, and such. You will find that they are always based on legal plunder, organized injustice.

"The socialist says, 'But there are persons who lack education,' and he turns to the law. But the law is not, in itself, a torch of learning that shines its light abroad. The law extends over a society where some persons have knowledge and others do not; where some citizens need to learn, and others can teach. In this matter of education, the law has only two alternatives: It can permit this transaction of teaching-and-learning to operate freely and without the use of force, or it can force human wills in this matter by taking from some persons enough to pay the teachers who are appointed by government to instruct others, without charge. But in this second case, the law commits legal plunder by violating liberty and property.

"The socialist says, 'But there are persons who are lacking in morality or religion,' and he turns to the law. But law is force. And need I point out what a violent and futile effort it is to use force in matters of morality and religion?

"It would seem that socialists, however self-complacent, could not avoid seeing this monstrous legal plunder that results from such systems and such efforts. But what do the

socialists do? They cleverly disguise this legal plunder from others—and even from themselves—under the seductive names of fraternity, unity, organization, and association. Because we ask so little from the law—only justice—the socialists thereby assume that we reject fraternity, unity, organization, and association. The socialists brand us with the name *individualist*.

“We assure the socialists, however, that we repudiate only *forced* organization, not natural organization. We repudiate the forms of association that are *forced* upon us, not free association. We repudiate *forced* fraternity, not true fraternity. We repudiate the *artificial* unity that does nothing more than deprive persons of individual responsibility. We do not repudiate the natural unity of mankind under Providence.

“Socialism, like the ancient and authoritarian ideas from which it springs, confuses the distinction between government and society. As a result of this, every time we object to a thing being done by government, the socialists conclude that we object to its being done at all.

“We disapprove of state education. Then the socialists say that we are opposed to education itself. We object to a state religion. Then the socialists say that we want no religion at all. We object to a state-enforced equality. The socialists then say that we are against equality in general. It is as if the socialists were to accuse us of not wanting persons to eat because we do not want the government to raise grain.”

Bastiat was a prolific writer. Perhaps that had some bearing on the fact that he reserved his most vindictive comments for the intellectuals and writers who are forever advocating legislative schemes to control “ordinary people” in order to make them better and happier. By name, he quoted and attacked Fenelon, Rousseau, Reynal, Mably, Blanc, Fourier, Proudhon, and a dozen or so others. In his writings and speeches, Bastiat was forever challenging them to show their credentials that specified that they are superior to the rest of us; that gave them the moral right and authority to order our lives for us:

“Present-day writers—especially those of the socialist school of thought—base their various theories upon one common hypothesis: They divide mankind into two parts. People in general—with the exception of the writers themselves—

form the first group. The socialist writers form the second and most important group. . . .

"The writers assume that people are susceptible to being shaped—by the will and hand of another person—into an infinite variety of forms, more or less symmetrical, artistic, and perfected. Moreover, not one of these writers on governmental affairs hesitates to imagine that he himself—under the title of organizer, founder, or legislator—is that will and hand, that universal motivating force, that creative power whose sublime mission is to mold these scattered materials—persons—into a society.

"These socialist writers look upon people in the same manner that the gardener views his trees. Just as the gardener capriciously shapes the trees into pyramids, parasols, cubes, and other forms, just so do the socialist writers whimsically shape human beings into cooperatives, associations, labor corps, and other combinations. And just as the gardener needs axes, pruning hooks, saws, and shears to shape his trees, just so do the socialist writers need the force that they can find only in law to shape human beings. For this purpose, they devise tariff laws, tax laws, relief laws, and school laws. . . .

"To these intellectuals and writers, the relationship between persons and the legislators appears to be the same as the relationship between the clay and the potter. . . . They assume that if the legislators left persons free to follow their own inclinations, people would arrive at atheism instead of religion, ignorance instead of knowledge, poverty instead of production and exchange.

"According to those writers, it is indeed fortunate that Heaven has bestowed upon certain men—governors and legislators—the exact opposite inclinations! . . . While mankind tends toward evil, the legislators yearn for good; while mankind advances toward darkness, the legislators aspire to enlightenment; while mankind is drawn toward vice, the legislators are attracted toward virtue. Since they have decided that this is the true state of affairs, they then demand the use of force in order to substitute their own inclinations for those of the human race. . . .

"Oh, sublime writers! Please remember sometimes that this clay, this sand, and this manure that you so arbitrarily dispose of, are men! They are your equals! They are intelli-

gent and free human beings like yourselves! As you have, they too have received from God the faculty to observe, to plan ahead, to think, and to judge for themselves! . . . You wish to reform everything! Why don't you reform yourselves? That task would be enough."

Well, there you have the essence of Frederic Bastiat's philosophy of the moral source, legitimate purpose, and proper functions of government. That philosophy was repudiated by almost all of his contemporaries in France. It is, of course, still repudiated by almost all of the people in the world today. Then, as now, well-intentioned people feared that a "negative government" would permit the strong to exploit the weak. (But Bastiat's thesis, of course, is that no group can exploit any other group except by using the police powers of government for that purpose.) Then, as now, good people believed that, under a "passive government," people would not be properly educated. (Bastiat believed that *true education* can flourish only in the absence of governmental control over it.) Then, as now, sincere people believed that, under a "limited government," the conflicting interests of the citizens could not be reconciled. (As we shall see in more detail in another chapter, Bastiat was dedicated to the proposition that the social and economic interests of men are essentially harmonious, and that it is positive governmental interference itself that destroys this natural economic harmony.)

Bastiat was keenly aware that he, too, was both a writer and legislator, and that the accusations he leveled at his fellow writers and legislators might also be leveled at him. Thus he ended his monograph, *The Law*, by stating: "If I have joined the ranks of the reformers, it is solely for the purpose of persuading them to leave people alone. I do not look upon people as Vancauson looked upon his automaton. Rather, just as the physiologist accepts the human body as it is, so do I accept people as they are. I desire only to study and admire.

"My attitude toward all persons is well illustrated by this story from a celebrated traveler: He arrived one day in the midst of a tribe of savages, where a child had just been born. A crowd of soothsayers, magicians, and quacks—armed with rings, hooks, and cords—surrounded it. One said: "This child will never smell the perfume of a peace-pipe unless

I stretch his nostrils.' Another said: 'He will never be able to hear unless I draw his ear-lobes down to his shoulders.' A third said: 'He will never see the sunshine unless I slant his eyes.' Another said: 'He will never stand upright unless I bend his legs.' A fifth said: 'He will never learn to think unless I flatten his skull.'

" 'Stop,' cried the traveler. 'What God does is well done. Do not claim to know more than he. God has given organs to this frail creature; let them develop and grow strong by exercise, use, experience, and liberty.'

"God has given to men all that is necessary for them to accomplish their destinies. He has provided a social form as well as a human form. And these social organs of persons are so constituted that they will develop themselves harmoniously in the clean air of liberty. Away, then, with quacks and organizers! Away with their rings, chains, hooks, and pincers! Away with their artificial systems! Away with the whims of governmental administrators, their socialized projects, their centralization, their tariffs, their government schools, their state religions, their free credit, their bank monopolies, their regulations, their restrictions, their equalization by taxation, and their pious moralizations!

"And now that the legislators and do-gooders have so futilely inflicted so many systems upon society, may they finally end where they should have begun: May they reject all systems, and try liberty; for liberty is an acknowledgment of faith in God and his works."

Before we examine the economic ideas and principles of Bastiat, let us first look briefly at his life and intellectual development before he became a public (and highly controversial) figure in France and elsewhere.³ What caused Bastiat to believe as he did?

2

Bastiat's Intellectual Background

The person who makes a truly *original* contribution to the general knowledge of mankind (Adam Smith, for example) is rare. But even in the case of the author of *The Wealth of Nations*, his biographers have had little difficulty in discovering the persons who furnished him with the raw materials he fashioned so beautifully and used so brilliantly.

So it was, of course, with the primary personage of this book—Frederic Bastiat, ardent defender of private property, limited government, and complete freedom of national and international commerce. The purpose of this chapter is to discuss the persons, books, and experiences that made him that way.

I have searched in three areas for the sources of Bastiat's ideas. First, Bastiat's own words. Second, the appraisals of others. Third, since Bastiat himself was doubtless unaware of the specific source of some of his ideas, an attempt has been made to compare certain of his principles and ideas with similar principles and ideas held by his predecessors whose works were known to him. While most of the research on this specific objective has been concentrated into this chapter, problems of organization have required that some of it be carried over into the chapters that deal with Bastiat's career and his general principles of economics.

Claude Frederic Bastiat was born on June 30, 1801 at Bayonne in the Department of Landes.¹ He came from a merchant and banking family of considerable standing in the

community. As we shall see, the fact that they were engaged in foreign trade (mostly with Spain and Portugal) doubtless had some influence on Bastiat's early interest in the tariff question.

When Bastiat was seven years old, his mother died. His father died two years later. Frederic, an only child, then went to live with his paternal grandfather and spinster aunt in Mugron. From 1815 to 1818, he was a resident student at the excellent College of Soreze.

The enrollment at that school was around 400 students, and many of them came from Spain, Italy, England, Holland, Poland, Greece, and the United States. That constant association with students from other countries was also doubtless of importance in Bastiat's intellectual formation. Young Frederic specialized in commercial subjects and languages—Spanish, Italian, and English. He also took several courses in philosophy. He was considered to be a good but not brilliant student. Apparently he showed no particular interest in either economics or politics. On the artistic side, he played the violoncello and won a prize in poetry.

For some unknown reason, Bastiat never completed the requirements for his bachelor's degree. By his own choice, he left Soreze when he was 17, and entered the commercial firm of his uncle, Henry de Monclar, in Bayonne. This was expected of him; his own father had been a partner there before his death. While Bastiat performed his duties competently enough, he was not especially interested in making a career of commerce. Even so, apparently it was his desire to become a better businessman that led him into the study of political economy. For in a letter to his college friend, Calmetes, he wrote, "A good merchant must understand law and political economy."

In another letter to the same friend, he recorded his discovery of the writer who was to influence his thinking most profoundly. "I have read the *Traite d'Economie Politique* by Jean Baptiste Say, an excellent and methodical study." In that same letter, the 19-year-old Bastiat explained that he had learned from Say the idea of always working from *fundamental principles* when discussing political economy. And he told his friend how, among a group of his companions who belonged to an informal discussion group in Bayonne, he had

recently won a debate by following the principles laid down by Say.

There are several reasons for concluding that J. B. Say had more influence on the intellectual formation of Bastiat than did any other person—or, in the field of political economy, perhaps all other persons combined. First of all, Say's *Treatise on Political Economy* (1803) introduced him to the field of political science. Second, as is clear from the above letter, it fired him with an enthusiasm for the subject that he never lost. As we shall see, he never deviated from the idea he learned from Say to work always from fundamental principles in the area of political economy. Furthermore, Say's *Treatise* has been called "a vulgarization of the *Wealth of Nations*."² While it was far more than that, the fact remains that Say was greatly influenced by Smith's work—plus the "natural law" concept of the Physiocrats (the French founders of the science of political economy) who had also had considerable influence on Adam Smith himself. Thus, in his first book on the subject, Bastiat was exposed to the three primary sources of his intellectual development—Say, the Physiocrats, and Smith. When Bastiat later founded his newspaper, *Le Libre-Echange* (Free Trade), he designed the masthead to carry Say's famous Law of the Markets: "Products exchange for products."

Throughout his speeches and articles, Bastiat's favorite themes were taken from Say—products exchange for products; services exchange for services; production creates its own purchasing power; general "overproduction" is a myth; the mercantilist concept of a "favorable" balance of trade is nonsense; services have real value in the same sense that material products have value; selling is a form of buying, and vice versa; and various combinations of (and deductions from) those principles.

Say was also probably primarily responsible for Bastiat's constant claim that all permanent distortions in the market place are caused solely by governmental interference—and that harmony would reign in a free market where the government confined its activities mostly to keeping the peace and punishing fraud. Say, like his disciple Bastiat, was an Optimist. Bastiat also studied Quesnay (the first Physiocrat) and Smith directly. But it is doubtful that he received a great deal from the originals that he hadn't already gained from

Say's book that encompassed the principal ideas of both of them.

For six years, Bastiat remained in the family commercial and banking business—performing his duties in an adequate if perfunctory way while he continued to devote much of his time to the study of literature, languages, music, and political economy.

In 1827, Bastiat (age 26) found a copy of one of Benjamin Franklin's books—probably his *Poor Richard's Almanack*. In a letter to a friend, he joyfully announced: "I have discovered a real treasure—a small volume of the moral and political philosophy of Franklin. I am so enthusiastic about his style that I intend to adopt it as my own." And true enough, Bastiat's style in his *Economic Sophisms* does show some resemblance to the style of Franklin in his *Poor Richard's Almanack*. Thus it is possible that Bastiat's technique of presenting serious economic principles in amusing and terse story form was inspired to some extent by Franklin who used the same effective device in much of his own work.

During or before that same year of 1827, Bastiat had read Lamennais, Dunoyer, Comte, Dupin, and Constant. While we cannot know for sure just when he studied them, Bastiat's speeches, books, and articles show clearly that he was familiar with the works of practically all the French, English, Italian, and American economists from the time of the Physiocrats to his own contemporary, John Stuart Mill.

In his *Economic Harmonies*, Bastiat apologized because he had to offer some criticism of Quesnay, Turgot, Smith, and Say—"my guides and masters."³ The American economist, Carey, is also quoted in that book, as is Malthus. In a letter to his friend Cobden, he once recommended that Cobden should become better acquainted with the works of the Italian economist, Nicolo Donato. And when Cobden was once making a trip to Italy, Bastiat asked him to present his regards to Bursotti, Pettiti, and Scialoia. Bastiat owned and treasured the five volume works of the classical Italian economist, Custodi. And according to his biographer, Fontenay, Bastiat acknowledged both Dunoyer and Charles Comte as his masters.

Dunoyer was to become a personal friend and fellow worker of Bastiat in the struggle for free trade in France. And,

in truth, he may have exerted considerable influence on the intellectual formation of Bastiat who had been a subscriber to the journal, *le Censeur*, at an early age. Dunoyer had been editor of that journal, as well as editor of the *Censeur europeen*. In his *Nouveau traite d'economie sociale*, 1830, Dunoyer advanced the idea that value is measured by services rendered, and that products exchange according to the quality of services stored in them. As we shall see in another chapter, Bastiat derived from that theory a similar idea on service that he attempted to build into a complete system of political economy. Bastiat could have been indebted to Dunoyer, as well as to Say, for another favorite theme: Services rendered by teachers, ministers, physicians, landowners, and others have real value in the same sense as material products. Certainly Bastiat's idea that the payment of rent for land is the same thing as the payment of interest for the use of capital is due more to Dunoyer than to Say. Paul T. Homan has said that Bastiat's theory of economic harmonies was "derived somewhat from Dunoyer."⁴

But surely we would be much safer in attributing Bastiat's theory of economic harmony to the influence of the Physiocrats. "The basis of their whole economic system may be truly said to lie in the principle of self-interest. . . . The only function of government according to this doctrine is to protect life, liberty, and property."⁵ As we know, that quotation is an excellent summary of Bastiat's fundamental philosophy on government. When Bastiat spoke of self-interest, however, he explained in considerable detail how it worked for the best interests of all, much as did Adam Smith with his simile of the invisible hand. The Physiocrat School, and most likely Quesnay himself, were doubtless responsible for Bastiat's primary theory of moral or natural law—and the resulting natural order or harmony that would automatically exist except for governmental restrictions against the free and voluntary exchange of goods and services, internally and externally. (This idea of "natural harmony"—Bastiat's primary theme—is developed more fully in the following chapter.)

In his article in the *Journal des Economistes* of February 1845, Bastiat quoted Ricardo, Mill, Jefferson, Bentham, Senior, Huskisson, Peel, Droz, Moore, and various others. It is highly probable that he met both Mill and Senior during a

trip to England in 1845.⁶ In an 1844 article on land taxation, Bastiat showed considerable familiarity with the works of Rousseau, Montesquieu, Buffon, Necker, Stewart, Sismondi, and various other philosophers, statesmen, and economists. As we already know from the previous chapter on *The Law*, Bastiat took sharp issue with Bossuet, Fenelon, Reynal, Mably, Condillac, Saint-Just, Billaud-Varenne, Cabet, Fourier, and a dozen or so others whom he listed as socialist writers and legislators. As we shall see later on, he was thoroughly familiar with the works and ideas of his contemporaries in France—Proudhon, Leroux, Lamartine, Blanc, Chevalier, Blanqui, Garnier, and all the rest—both socialist and nonsocialist. And, of course, Bastiat worked directly with Cobden and various other members of the Manchester School.

Unquestionably, Frederic Bastiat had a vast and comprehensive knowledge of the entire field of political economy—both in theory and in practice. As we continue to follow his career before he became a public figure, we shall uncover other facets of his intellectual development.

During his career as a merchant in the family banking and exporting business in Bayonne, Bastiat had full opportunity to observe the sad results of restrictions against trade. Aside from the frustrations of governmental restrictions on his own business, he had only to look about him to see what they had done to the once-bustling port of Bayonne. According to Ronce, the population of that city had declined from 16,000 at the end of the eighteenth century to 13,000 in 1820. The continental wars and blockades of that period were, of course, a large factor in that decline. But the continuing restrictions against peacetime trade also played an important part, especially the tariffs of 1816. Thus Bastiat had only to count the closed warehouses of Bayonne and the reduced shipping in the harbor "to convince himself that on the issue of free trade, the theories of Smith and Say are in accord with the facts."⁷

During 1824, Bastiat's letters indicated that he had no desire to continue his career as a merchant. His first plan was to move to Paris for either a new career or a continuation of his studies on a formal basis. But because his grandfather was sick and didn't want him to leave, Bastiat moved from

Bayonne to his childhood home at Mugron. "I am putting aside all ambitious projects and am returning again to my solitary studies."

Upon the death of his grandfather in 1825, Bastiat inherited the family estate of 250 hectares. He continued to follow the life of a "gentleman farmer and scholar" until 1846 when he established himself permanently in Paris and organized the French Free Trade Association.

Bastiat was not a farmer. Neither by training nor by preference was he equipped for it. True enough, he did study and adopt several of the latest innovations in farming. But he was never more than passingly interested in the results. In effect, the tenants continued to farm the estate as usual, while Bastiat devoted almost all of his time and energy to his chief interest—comprehensive reading and study, especially on the subject of political economy.⁸

When Bastiat moved to Mugron, he met there a man who was to play an important and personal part in his intellectual formation. That man was his next-door neighbor, Felix Coudroy, who had studied law in the universities of both Toulouse and Paris. While the two young men were contemporaries in age, they were completely different in personalities and philosophies. Bastiat was friendly and quick to act, while Coudroy was of a melancholy and meditative nature. When they first met, Coudroy was a disciple of socialists like Rousseau and Mably, and authoritarians like Maistre and Bonald; Bastiat, of course, had already adopted the liberal ideas of Smith, Say, and Destutt de Tracy.

Even so, the two men became the closest of friends. For 20 years, they studied together almost every day. When Bastiat received a new book, he usually gave it first to his friend, who read it and marked the most important passages. Unless the book was of unusual interest, Bastiat contented himself with those extracts, plus discussing the ideas with his fellow student. Only if the book interested him deeply would he study it in its entirety.

In this manner, the two friends, Coudroy and Bastiat, worked their way through a tremendous number of books on philosophy, history, politics, religion, travel, poetry, political economy, biography, and so on—"All passed under the scrutiny of that double intelligence. . . . It was in these con-

versations that the ideas of Bastiat developed and his thoughts matured. . . . [After the death of Bastiat] Coudroy said that Bastiat's voluminous works that were written at a later date were actually formed during this period."⁹

Another of his biographers, de Nouvion, said that this 20-year preparation accounts for the remarkable fact that Bastiat was able to write in the last five years of his life such a vast number of articles and books with such apparent ease.

In due course, Bastiat won his friend away from socialism and over to the philosophy of freedom. In their discussions, "Bastiat refuted every argument of his friend, using economic facts to show him how the free play of individual self-interests mutually limit each other and promote the general welfare of all."¹⁰

Over the years, the intellectual relationship of the two fellow students became so close that when Bastiat sent Coudroy a copy of his newly-published *Economic Harmonies*, he wrote on the title page, "My dear Felix, I cannot say that this book is offered by the author, since he is you as much as I."

When Bastiat was away from Mugron, he wrote frequently to his friend, sharing with him new ideas and the various experiences he encountered on the trips. From several of those letters, we know of his early interest in the tariff question. For example, in a letter written in January of 1825 (Bastiat was then 23), he wrote: "The Americans of the United States have sane ideas on this subject, even though they have established tariffs of reprisal. Great Britain, always the leader of European civilization, today offers an excellent example by its plan to reduce gradually this tariff system that enslaves." (Bastiat was here evidently referring to the program of Huskisson in Britain. But Huskisson's modest proposals for tariff reductions were not carried through in succeeding years.)

In March of 1829, Bastiat wrote: "Do you know that I intend to publish a book in the near future? It will be about restrictions on trade." (That proposed work was not published; we might logically guess, however, that his book, *Economic Sophisms*, of 1845 was based on it.)

In July of the same year, he wrote: "It is pointless to say that the interests of men are in opposition to each other. That is a grave and antisocial error."

Bastiat participated in the July Revolution of 1830, after

it broke out. Apparently, along with many others, he imagined that the overthrow of the increasingly reactionary Restoration Government would be followed by a republic, or at least a liberal monarchy. He served briefly with the revolutionary forces in Bayonne. When the Citadel of that city surrendered without a fight, Bastiat returned immediately to his peaceful studies at Mugron.

Bastiat got his first taste of public life in May of 1831 when he was appointed judge (a sort of Justice of the Peace) for Mugron. "His fundamental principle that the interests of men are harmonious made him, without doubt, an incomparable judge."¹¹ He resigned that post on November 30, 1846, when he made his decision to remain permanently in Paris.

The modest duties of "country judge" made little difference in Bastiat's way of life. In fact, while he was an excellent and popular judge, there was some criticism that he didn't hold court often enough.

On November 17, 1833, he was elected to an additional and still higher post—member of the General Council of Landes. But even that didn't appear to change his customary way of life in the slightest. Bastiat resigned that office in September of 1848 when he became convinced that his legislative duties in the National Assembly would prevent any further active participation in the local affairs of his Department.

In April of 1834, Bastiat wrote his first published article on tariffs. And in it, the "style" for which he was to become famous is clearly evident. The merchants of Bordeaux, Le Havre, and Lyons had formulated a petition to the government for a reduction in the high tariffs that had been in effect since October of 1822. But they were careful not to suggest a policy of free trade. In fact, they offered arguments to show that such a policy would be disastrous for France. Even so, their petition was a step toward a more liberal trade policy. And for that, Bastiat complimented them highly. Then he stated his basic reason for opposing the petition: "You demand that all protection be abolished on primary materials, such as agricultural products, but that protection must be continued for manufactured articles. I do not defend the protection you attack, but attack the protection you defend. You demand privilege for a few; I demand liberty for all."

Bastiat used the merchants' own arguments for a reduction in tariffs on some items to show them that all tariffs on all items should be abolished completely. He concluded with the observation that the merchants' position was self-defeating because they destroyed their own arguments for free trade by presenting arguments for protection at the same time.

As far as the results of the petition were concerned, Bastiat was right. Tariffs continued at their customary high levels. Even so, Bastiat could not help but observe that the merchants of those three cities were thinking about the problems of tariffs and were actually moving in the right direction. As we shall see, those three cities were the first to welcome Bastiat as the leader of the free trade movement in France a few years later.

In 1840, Bastiat broke his quiet routine at Mugron with a trip of several months through Spain and Portugal. His letters to his friend Coudroy during that period are filled with observations on the life and economy of those two nations. At later dates, he was also to travel in Italy and England. (He was also once in Belgium for a short while because he absent-mindedly caught a train going in the wrong direction.) In his later writings, he was to draw heavily on his extensive readings in several languages, his travel observations, his career as a judge and regional legislator, and his experience as both merchant and farmer. Those varied experiences furnished him with most of the parables and fables that distinguish his entertaining writing style.

Soon after returning from Spain, Bastiat had his first experience as an "organizer." In January of 1841, he wrote an article, *The Tax and the Vine*, showing that both the commercial treaty with Holland and the new domestic taxes of 1840 were highly discriminatory against the wine producers of France. At the same time, he also drafted a plan for an "association for the defense of the wine growers." It was quite an elaborate plan—how to organize the association, a tentative set of bylaws, how to raise the needed money, and even a proposed journal. He then went to Paris with the hope of formalizing his paper-plan into an actual organization. For several days in late January and early February, he discussed his ideas with various persons of importance: "But the plan failed because of general indifference, especially on the part of the deputies from the Midi."¹²

Bastiat returned to Mugron—much wiser about the pitfalls of organization, whether governmental or private. The experience was not without value, however; it doubtless helped him to avoid certain mistakes when he returned to Paris in 1846 and organized the free trade association.

In January of 1843, Bastiat presented his *Memoire on the wine-growing question* before the Society of Agriculture, Commerce, Arts, and Sciences of Landes. In it, he discussed at length the “triple circle of repulsive laws”—tariffs, indirect taxes, and the various internal restrictions and taxes against trade. In 1844, he embellished that theme at still greater length in his article on the effects of the land tax in Landes. Therein, he made extensive use of governmental statistics showing the decrease in population that had occurred in the vineyard areas of France since 1800. He showed that taxes had increased faster on wines than on other products, and that the consumption of wine (percentagewise) had lagged far behind the consumption of other products. He offered evidence that the inhabitants of the wine-producing areas of France were even then (1844) existing at the bare subsistence level. Then he asked the rhetorical question: “Why are the inhabitants unable to nourish themselves?” Then he answered his own question: “It is not necessary to go far to find the reason. It is due to the fact that certain people have restricted our freedom to trade. That freedom is, after freedom to travel, the most useful to man. It is, then, *the law* that causes our misery. The law is killing us, in the most absolute sense of the word. And if we wish to live, we must change the law.”

That was strong language indeed. It may help to explain why popular opinion sometimes erroneously classed Bastiat with the socialists of his time who led the way toward the Revolution of 1848. For the superficial observer could easily say, “Since Bastiat, Blanc, and Proudhon all want a change in government, they must be allies striving toward a common goal.” And as we shall see, Bastiat *did* sit on the left with Blanc, Proudhon, and the other socialists in the Assemblies of 1848-50. But as we shall also see, they sat together as ideological enemies with totally different philosophies of government.

Throughout the early 1840's, Bastiat was becoming increasingly active in economic and political affairs—though

still as an amateur and on a local level. It was during that time, however, that by chance he discovered a fact and issue that were to lead directly to his emergence onto the national scene.

Bastiat was the leader of a discussion group at Mugron. Apparently, all of the members except Bastiat were bitterly anti-English. One day in early 1842, a member of the discussion group quoted from a French newspaper to the effect that the Prime Minister of England, Robert Peel, had said in Parliament, "If we adopt this, we will become, like France, a second-class nation."

Such a gratuitous insult by the leader of the British Empire made no sense at all to Bastiat. So he wrote for copies of English newspapers covering the date of the alleged speech. When they arrived, he discovered that the phrase, "like France," did not appear in the original speech; it had been inserted by the French translator! But more important, Bastiat first heard of Richard Cobden and the Anti-Corn-Law League from those newspapers. Since the philosophy endorsed by that group was his own philosophy, he subscribed to *The Globe and Traveller* and avidly followed that struggle for the next two years. And he also attempted to call to the attention of the French press the importance to France of the free trade campaign going on in England. "In 1842 and 1843, I submitted several articles to the *Memorial Bordelais*, the *Presse*, and to various other journals. They were refused."

Thus, in the intellectual formation of Bastiat, he encountered in 1842 the man who—after Say, Quesnay, Smith, Dunoyer, and his friend Coudroy—was to add the practical finishing touches, Richard Cobden, the leader of the free trade movement in Great Britain. The relationship between Bastiat and Cobden will be developed in some detail later on.

During the summer of 1844, Bastiat wrote a long article on the influence of the French and English tariffs on the future of the two peoples. He sent it (unsolicited) to the *Journal des Economistes*. After some hesitation, the editors printed it in the issue of October, 1844. In it, unquestionably, Bastiat gave the most persuasive (and probably the best) argument for free trade and freedom in general that had ever been heard in France up to that time. Along the way, he discussed the issues of war and armaments, balance of trade, prosperity,

protecting local industries, dependence on other nations, purpose of government, peace, wages, monopoly, and, especially, morality and justice. That long article well demonstrated that Bastiat's intellectual development was both sound and extensive; the masters who had played a part in it would doubtless have been proud indeed of the ability of their student to organize their ideas, to refine them, and to develop them further.

The article created a sensation among the intelligentsia of France. "The congratulations and encouragements arrived in a steady stream from Paris to Mugron. The ice was broken."¹³ One of those letters was from Dunoyer, whom we have already mentioned. Another was from Michel Chevalier who, because of his importance to this study, will be treated in a separate chapter.

For better or worse, the name and ideas of Bastiat now belonged to the nation. The long years of study and contemplation at Mugron were soon to end, and Bastiat was to take his place among the leading figures in the France of his time.

3

Economic and Social Harmonies

In the preceding chapter on Bastiat's intellectual background, a few fragments of his general philosophy on the economic and social harmonies of mankind were encountered. Bastiat was convinced that his major contribution was here. It wasn't; as I noted in the introduction, his most original and challenging contribution to the social sciences rests on his theories and ideas concerning the source, purpose, and organization of government. While I shall continue the development of that thesis later on, logic demands that we first briefly examine his theories of economic harmony.

Bastiat's whole life and works were based on this general theory that the essential interests of men are not antagonistic but are in harmony. Fortunately, in the introduction to his major work, he made this statement: "It would be nonsense for me to say that socialists have never advanced a truth, and that economists [those who advocate a free market] have never supported an error." For as we shall see, Bastiat's major point in his *Economic Harmonies*—his theory and definition of *value* of which he was so proud—is now generally held to be not merely wrong but somewhat pointless. That fact, of course, neither confirms nor denies the soundness of his fundamental principle that the interests of mankind are essentially harmonious and can best be realized in a free society where government confines its actions merely to suppressing the robbers, murderers, falsifiers, and others who wish to live at the expense of their fellow men.

The first economic harmony that Bastiat illustrated was the idea that as the capital employed in a nation increases, the share of the resulting production going to the workers tends to increase both in percentage and in total amount. The share going to the owners of the capital tends to increase in total amount but to decrease percentagewise. Bastiat used hypothetical figures merely to *indicate the direction* of this relationship that occurs when capital accumulation increases, with its resulting increase in production.

		To owners		To employees	
		per		per	
	Units	cent	units	cent	units
When total national product is	50	20	10	80	40
When total national product is	75	15	12	85	63
When total national product is	100	14	14	86	86

That theory was offered primarily to refute the gloomy "iron law of wages" advanced by Ricardo. Bastiat thought that it also answered Malthus' equally horrible prediction that an increasing population must necessarily face starvation. Bastiat recognized the fact that, in this division of national income, the amounts and percentages going to capital and labor would, for a variety of reasons, vary widely from industry to industry, from country to country, and from time to time. But he was quite positive that the tendency would be in the direction indicated by his figures for the nation that encouraged the private accumulation of capital.

This trend that Bastiat predicted in the division of the total production of the nation is just what did happen under increased capital formation in the United States and other countries that more or less follow the concepts of a market economy.

Bastiat based his theory on the supposition that new tools and new methods are generally more productive than older tools and former methods, and that competition tends to cause most of the resulting benefits to be passed along in higher wages or lower prices, or both. In either instance, real wages are thereby increased. Like many of his predecessors, Bastiat also noted that interest on capital is likely to decline as capital becomes more plentiful. (History does not record the first person who discovered this primary law of supply and demand.) At any rate, the verdict of the twentieth century to date refutes the gloomy predictions of Ricardo and Malthus.

Their central theme—which at a later date was first called “the iron law of wages” by the socialist Ferdinand Lassalle—is that wages always tend toward the lowest level needed to sustain the required working force at a minimum standard of health. Bastiat’s optimistic theory that real wages tend to rise constantly in a free market is more in accord with reality.

Thus, according to Bastiat, the interests of capital and labor are harmonious, not antagonistic. Each is dependent on the other. Both gain by working harmoniously together to increase both capital and production, even though the employees tend to get the lion’s share of the increased production. Governmental interference *in the long run* will injure the interests of both owners and workers, but most especially the workers.

In his *Harmonies*, Bastiat naturally covered the subjects of competition and exchange. Neither of those is discussed here, however, because his essential ideas on those subjects will appear in the following chapter on free trade.

In his major work, Bastiat discussed the “harmony of capital” in almost every chapter, and from various viewpoints. His treatment of the subject is, by far, the most convincing part of his book. While it is doubtless correct to observe that Bastiat contributed nothing new to the actual *theory* of capital, it is perhaps equally correct to suggest that his presentation and development of several facets of the subject are superior to those of his predecessors and teachers—Smith, Say, and others.

We have already noted one of his “harmonies of capital” above. Here is another. If the market is free, said Bastiat, no one can accumulate capital (excluding gifts) unless he renders a service to someone else. The people who have the capital (including the person who has only one dollar) won’t part with it unless they are offered a product or service that they value “as highly as” the capital. In reality, said Bastiat, capital is always put at the service of other people who do not own it, and it is always used to satisfy a desire (good or bad) that other people want satisfied. In that important sense, all capital is truly owned in common by the entire community—and the greater the accumulation of capital, the more its benefits are shared in common.

“Here is a worker whose daily wage is four francs. With

two of them, he can purchase a pair of stockings. If he alone had to manufacture those stockings completely—from the growing of the cotton to the transporting of it to the factory and to the spinning of the threads into material of the proper quality and shape—I suspect that he would never accomplish the task in a lifetime.” In his various writings, Bastiat offered a dozen or so similar stories and parables based on that same idea of the benefits that come to all from the increasing division of labor that automatically follows the accumulation of capital.

Contrary to most of his classical predecessors, Bastiat was almost totally concerned with the interests of the consumer. While he wished to render justice to the producer (the capitalist and the entrepreneur), he seemed concerned with him only in passing. Perhaps that can be explained by the fact that the socialists of Bastiat’s day were in the ascendancy—and Bastiat desired to beat them at their own game by showing that the workers and consumers (rather than the owners of capital) are the chief beneficiaries of the private ownership of the means of production. At any rate, almost every story and example he used in his entire seven volumes of collected works was designed to show that the so-called masses are the ones who profit most from competition, free trade, interest, profits, rent, capital accumulation, and so on.

The harmony that Bastiat found in all this was the same as that demonstrated by Adam Smith and the Physiocrats: In serving his own selfish interests, the producer has no choice but to serve first the interests of the consumer, *if the market is free*. Each person may be working only to benefit himself, but, doubtless unknown to himself, he is really working primarily to satisfy the needs and desires of others.

Today in the United States, many persons are trying to displace the word “capitalism” with the word “consumerism.” If that ever happens, this statement made by Bastiat on his deathbed will doubtless become better known: “It is necessary to treat economics from the viewpoint of the consumer. All economic phenomena, whether their effects be good or bad, must be judged by the advantages and disadvantages they bring to consumers.” Were Bastiat alive today, he would be especially pleased with the now-common expression, “The consumer is king.”

By both observation and reason, Bastiat was led to the con-

clusion that man tends to satisfy his wants with the least possible effort, i.e., to get the maximum output from the inputs of land, labor, and capital. That would seem self-evident, but Bastiat used that simple axiom to show that a popular way to satisfy one's wants with minimum effort is to vote for subsidies and protection. Bastiat pointed out the awkward fact that such a solution is contrary to the wants and actions of the persons who must pay the resulting higher taxes and higher prices. This governmental path to satisfying one's wants is antagonistic, rather than harmonious, and is thus self-defeating in the long run. It will result in less than maximum production by both those who must pay the subsidy and, eventually, even those who receive it. When the government interferes, said Bastiat, the natural harmony of the free and productive market is destroyed, and the people waste their energies in attempting to win political power in order to exploit each other. "Everybody wishes to live at the expense of the state, but they forget that the state lives at the expense of everybody."¹ As noted in chapter one, Bastiat also stated that idea in another way: "The state is the great fiction by which everybody tries to live at the expense of everybody else."

As one of several examples of this disharmonious and self-defeating procedure, Bastiat cited the inheritance tax that, according to him, is based on both greed and envy. He stated that the ultimate result of such a tax is to discourage both saving and production. A father will usually work harder for the future of his children than for himself, he said. Thus if there is a law that prevents him from leaving property to his children, a primary reason for hard work and frugality will be removed. Bastiat did not specify any particular percentage that would bring this effect. Apparently, a modest inheritance tax will not. But the complete abolition of inheritance would doubtless prove him right.

Always, Bastiat saw harmony and increasing prosperity and peace for all people in most of their self-interest activities—until someone destroys that harmony by a law that permits one person to live at the expense of another. One of the admirers of his ideas summed up that basic philosophy in these words: "Bastiat proves convincingly that individual interests, taken in the aggregate, far from being antagonistic, aid each other mutually; and that, so far is it from being true

that the gain of one is necessarily the loss of another, each individual, each family, each country has an interest in the prosperity of all others. He shows that, between agriculturist and manufacturer, capitalist and laborer, producer and consumer, native and foreigner, there is in reality no antagonism, but, on the contrary, a community of interest; and that, in order that the natural economic laws should act constantly so as to produce this result, one thing alone is necessary—namely, respect for liberty and property.”²

In his *Harmonies*, Bastiat felt that he had made a major contribution to political economy by his definition of *value*. He felt that his concept should reconcile the conflicting opinions of all economists—including even the socialists and communists! He introduced the subject by making a sharp distinction between *utility* and *value*. Under *utility*, he listed the sun, water, and undeveloped land. According to him, none of the gifts of nature have any *value*—until human effort has been applied to them. While he specifically rejected the labor theory of value, he actually endorsed it unknowingly under another name—service.

According to Bastiat, service is the source of all value, and any exchange implies equal value. Water has no value in its native state. But the building of a well and the hauling of the water to the consumers (services) have value. And the purchaser pays for it with equal services, even though it may be in the intermediate form of money that facilitates the transferring of past, present, and future services.

Bastiat felt compelled to defend the rightness and justice of every voluntary exchange. Thus he was most happy with his idea that the *service* supplied by the man who accidentally discovers a valuable diamond is worth a large price (other services) because it saves the purchaser from the effort that is usually connected with the securing of such a gem.

Bastiat just ignored the fact that the value to the purchaser would be the same, whether the seller had found the diamond, inherited it, or worked for several years digging it out of the ground. Thus the value of an article is clearly not directly related to the “service” supplied by the seller himself, and Bastiat’s effort to reconcile that fact with his general theory led him completely astray.

In his chapters on “Exchange” and “Value,” Bastiat quoted

two men who clearly (and perhaps first) saw the true relationship between exchange and value—and he then scoffed at both of them. The first was Etienne Bonnot de Condillac, 1714-1780: "From the very fact that an exchange is made, it follows that there must be a profit for each of the contracting parties; otherwise the exchange would not take place. Thus each exchange represents two gains for humanity."

The second quotation cited by Bastiat was by Heinrich Friedrich von Storch, 1766-1835: "Our judgment enables us to discover the relation that exists between our wants and the utility of things. The determination that our judgment forms upon the utility of things also determines their value."

Those two statements combined are perhaps the basic concepts of exchange and value later developed so brilliantly by the "Austrian School" of economists. That is, the value of a product or service is purely *subjective* on the part of the purchaser; neither seller nor buyer will make the exchange unless each values what he receives more than what he gives up; there is no automatic relationship between value and the labor or capital that goes into the product or service; no one can determine the value of any product or service for another person; value is determined unit by unit instead of by all units of a product combined.

Thus Bastiat had full opportunity to make a vital contribution to economic thought by developing those two ideas advanced by Condillac and Storch with which he was obviously familiar. Not only did he miss the opportunity but, worse still, he specifically denied the validity of their concepts.

Even so, perhaps Bastiat supplies a connecting (but tenuous) link between the French and English classicists with their objective theory of value and the Austrians with their subjective theory based on the universal actions of men in real life. At least, the following series of quotations extracted from various pages of his *Harmonies* indicates clearly that he was thinking in that direction:

"The subject of political economy is MAN. . . . [who is] endowed with the ability to compare, judge, choose, and act; which implies that men may form right and wrong judgments, and make good and bad choices. . . . This faculty, given to men and to men alone, to work for each other, to transmit their efforts and to exchange their services through time and space, with all the infinite and varied combinations thereby

involved, is precisely what constitutes Economic Science, identifies its origin, and determines its limits. . . . Political economy may be defined as the Theory of Exchange. . . . The objects of political economy [the actions and desires of men in the exchange of their goods and services] cannot be weighed or measured. . . . Exchange is necessary in order to determine value. . . . What one man values may be despised by another. . . . Economic Science does not possess a standard that can be used to measure the intensity of desires, efforts, and satisfactions. . . . We cannot feel the wants and satisfactions of others. . . . A man's happiness and well-being are not measured by his efforts but by his satisfactions, and this also holds true for society at large. . . . It may happen, and frequently does, that the service we esteem highly is in reality harmful to us; values depend on the judgments we form of them. . . . In an exchange society, man seeks to realize value irrespective of utility. The commodity he produces is seldom intended to satisfy his own wants, and thus he has little interest in its intrinsic usefulness. It is for the purchaser to judge that. What concerns the producer is that it should have maximum *value* in the market. . . . It is in vain that we attempt to separate choice and responsibility."

In addition to the ideas expressed above, Bastiat also developed in great detail the theory that competition will cause all of the gifts of nature to become widespread—including, of course, the ownership of land and all other natural resources.

Like almost all economists of his time, Bastiat was obsessed with this problem of rent on land. If it could not be justified and harmonized, he said, then the question asked by the socialist Proudhon is correct: "Who is entitled to the rent on land? Why, of course, the one who made the land. Then who made it? God. In that case, would-be owner, get off."

Bastiat's defense of rent covers many pages, but it adds up to this: Land rent is justified because the owners of the land (current and past) have rendered a valuable service. They have cleared the land, drained it, and made it suitable for planting. They have paid taxes to have roads built to it. If the amount of labor and capital that has been expended on the agricultural lands of France were capitalized, Bastiat claimed, the current return in the form of rent would be considered a most unattractive investment today. Therefore, the

owners of land do not enjoy an unearned income—or, at least, they would not if the market were free. Bastiat argued that any “unearned” rent was, like protected prices for manufactured products, the result of governmental interference with domestic and foreign trade. He also used this same argument to defend the necessity and justice of a return on capital in general; all current capital, he said, merely represents past labor that has been saved and is rendering a service today.

Bastiat claimed that all natural resources (utilities) are actually shared in common, and that the “owners” of the natural resources gain their incomes only from services rendered. His intense effort to prove his theory in the area of land, rent, and value, led to a charge of plagiarism against him. Here follows the principal evidence on which the charge was based.

In his *Harmonies*, Bastiat told the story of a water-carrier in New York City who had recently become aware of the theories of the classical economists. Since all of them, according to Bastiat, taught that land has an inherent value in itself that returns an unearned income to the owner, our fictional water-carrier decided to become a landowner. So he sold his business and bought 100 acres of land in Arkansas. He didn’t object to paying the purchase price of one dollar an acre because the government had already expended that much on it in the form of surveys, records, roads, police, and such.

The water-carrier cleared his new land, erected buildings, and planted a crop. But when he harvested his wheat and took it to the market, the price he was offered (in a free and competitive economy) covered only the prevailing interest on the capital he had invested, plus the prevailing wages on the labor he had expended; he received nothing for the alleged intrinsic value of the land.

Badly shaken but still convinced that the theory of the classical economists was correct, he next tried to rent his land to a tenant and to gain his unearned income in that way. But the tenant would only pay him a rent that was in harmony with the return the owner could have gotten if he had invested his capital and labor in something other than land. The tenant refused to pay him anything at all for the supposed inherent value of the land itself.

The water-carrier next applied the final test to the theory of Ricardo. He offered his land for sale. The best price he

could get, however, was just enough to cover his original investment, including wages for his labor and the interest he could have gotten elsewhere for the use of his capital. Thus the water-carrier (and Bastiat) reached the conclusion that land can never have an inherent value above the prevailing rates for wages and for interest on capital in a free market.

That story and others of a similar nature—plus a discussion of the principles to be drawn from them—constitute perhaps one-tenth of Bastiat's *Harmonies*. It so happens that the locale and the statistical base for those stories and citations are markedly similar to material that had appeared in a book by the American economist, Henry Charles Carey, published more than ten years before Bastiat's book.³ Soon after *Harmonies* appeared, Carey wrote a letter to the *Journal des Economistes* accusing Bastiat of plagiarism. Among other things, Carey also claimed that he (and he alone) was the originator of the concept of "service value" advanced by Bastiat.

As we know from a previous chapter, Bastiat had expressed the idea for his *Harmonies* as early as July of 1829—long before Carey began popularizing the same idea in the United States. Said Bastiat: "It is pointless to say that the interests of men are in opposition to each other. That is a grave and antisocial error." In truth, *Harmonies* could be called mostly a development of that single sentence written by Bastiat when he was a young man. And the source of that idea was, of course, not Carey but Quesnay and the Physiocrat School. Also, Bastiat's *Harmonies* are in perfect accord with all of his previous work and his known general philosophy. Finally, as previously mentioned, Dunoyer, in his treatise on economics in 1830, had advanced this same idea that products exchange according to the "services" contained in them; and Bastiat and Dunoyer were colleagues. Thus Carey's broad and sweeping charges of plagiarism would appear to be automatically ruled out.

There can be no doubt, however, that Bastiat had read Carey's works before he wrote his own book. In fact, he quoted Carey on this subject of rent in his *Harmonies*. It is clear that Bastiat and Carey held markedly similar ideas on the subjects of value, rent, and the inherent harmony of the interests of men. It is also clear that Carey, not Bastiat, first

formulated and published their mutually-held concepts of rent and "service value."

In his answer to Carey's charge of plagiarism, Bastiat readily admitted that he owed considerably more to Carey on the subject of *rent* than he had credited in his book. He attempted to justify his neglect by observing that Carey was notoriously anti-French; and thus if Bastiat had given him full credit and space, it might have reduced the acceptance of his book among French readers.

That defense, is, of course, unworthy of consideration. We can now never know the real truth of the matter. But a rational supposition based on a study of the available evidence could be this: In the illustrations and citations and, perhaps, in some of the arguments offered by Carey, Bastiat saw wonderful proof of what he had long believed and written. So he extracted and rewrote them into his own famous style, giving almost no credit to his source when he should have given full credit. While his failure to give the customary credit to Carey is inexcusable, it does not validate the broad charges of plagiarism.⁴ Finally, as we already know from the preceding chapter on Bastiat's long years of study at Mugron with his friend Coudroy, he sent him a copy of *Harmonies* with this inscription: "My dear Felix, I cannot say that this book is offered by the author, since he is you as much as I." That generous acknowledgment, written several months before Carey's charge of plagiarism, is strong proof that the charge was grossly exaggerated.

Be that as it may, Bastiat concluded *his* version of the water-carrier's story by having him call together all of his neighboring landowners who had also been frustrated on this theory of receiving rent for work not done. He suggested that they form a protective association to campaign for a law to forbid foreign grain entering Arkansas, and another law to forbid the cultivation of land not already in use. *Then* they could demand a premium for services not rendered! In that way, and only in that way, said Bastiat, can harmony and justice be turned into antagonisms and injustice.

While Bastiat's arguments on land rent were doubtless true in the context presented, his examples were too carefully selected to prove any overall principle. For it is undeniably true that land (like other products and services) can and does vary widely in price for a variety of reasons, and that the

owner of the land can reap a profit (or suffer a loss) even though he has done no work at all on it. But, once again, it does not follow that Bastiat was wrong in imagining that harmony can be found in the private ownership of land and the charging of a *free market rent* for its use.

Bastiat was particularly anxious to refute the gloomy theories of Ricardo and Malthus in the areas of wages, rent, population, and starvation: "*Optimism* has been the characteristic feature of the French school ever since the days of the Physiocrats even to our own time; the fullest expression of this is found in Bastiat."⁵ He felt that his theory that "labor" receives an *increasing* share from additional capital accumulation was an answer to Ricardo on wages and to Malthus on starvation. He answered Ricardo directly on the subject of land and rent. Finally, he offered the *opinion* that if man were free—truly free—with God's help he would discover harmonious ways to keep the population from increasing beyond the ability of science to discover new ways to feed it.

Bastiat's tortured and somewhat pointless theory that value rests *only* in services rendered is completely discounted today. Actually, it never did receive any great acceptance even in his own country and among his contemporaries.⁶ For that reason, he has no standing among leading economists as an innovator or an original thinker in the field of economic theory. Doubtless that verdict is justified. But Bastiat's development of his central idea of a universal harmony in all areas of human relationships led Gide and Rist to write: "The fundamental doctrines of [the liberal or optimistic school] were definitely formulated about the same time, though in very different fashion of course, in the *Principles* of Stuart Mill in England and the *Harmonies* of Bastiat in France."⁷ And Stanley Jevons said that in economics, "the true doctrine may be more or less clearly traced through the writings of a succession of great French economists, from Condillac, Baudeau, and Le Trosne, through J. B. Say, Destutt de Tracy, Storch and others, down to Bastiat and Courcelle-Seneuil."⁸

Be that as it may, Bastiat's contribution that is most likely to influence future students should not be sought for in the area of pure economics, but in his philosophy of government.

4

Bastiat's Free Trade Principles

It is hardly surprising that the socialists—Proudhon, Blanc, Lassalle, and various others of that school—condemned Bastiat in the most scathing terms. The primary significance to be drawn from those denunciations is that the socialists and communists considered his works and influence important enough for a full-scale attack. It does seem a bit odd, however, that economists such as Cairnes, Sidgwick, Marshall, and Böhm-Bawerk also completely discounted Bastiat and, to some extent, even attacked his philosophy. They were of the definite opinion that he contributed nothing of any real value to economic science. If they were referring only to original thinking and discovery, that appraisal is doubtless correct. And it so happens that, with the exception of the “service value” idea discussed in the preceding chapter, Bastiat never claimed to have developed any new and fundamental principles of economics. As previously noted in chapter two, he proudly announced his debt to his masters—Quesnay, Smith, Say, and others. Bastiat's dependence on the work of his predecessors in economics (but not in government) is clearly evident when we examine the six basic principles most often used by him in his works on free trade.

From the discussion of Bastiat's “natural law” concept in chapter one, it is self-evident that he believed that these laws apply to economic actions just as they apply to all other human relationships. In that concept, Bastiat was indebted to the Physiocrats, and he said so.

Printed on the masthead of every issue of his newspaper, *Le Libre-Echange*, was Bastiat's second economic principle,

"Products exchange for products." And as noted previously, Bastiat gladly acknowledged his debt to J. B. Say for that and related principles.

Bastiat never failed to acknowledge the fact that Adam Smith was a primary source of his general economic philosophy, including this third principle: Since the purpose of production is consumption, the interests of the consumer should always be paramount.

While Bastiat never specifically acknowledged any debt to the austere philosophy of Ricardo, it would appear that his fourth favorite principle—the law of comparative costs as the basis of international trade—came primarily from the works of that economist.

Cobden and the Manchester School (as well as Adam Smith) were perhaps responsible for his fifth principle: Competition is good for the producer as well as for the consumer.

His sixth major premise—that is, trade restrictions are a primary cause of wars in our modern world—may well have seemed to Bastiat to be his own idea. At any rate, his specific source for that idea is not as easily identifiable as are the others. While his friend, Richard Cobden, endorsed the same idea, each was on record with it before they had ever heard of the existence of each other.

Using the above major premises as a foundation, Bastiat developed a rather complete system of derived and secondary principles in the area of free trade. He explained in considerable detail why and how the following results would appear soon after the abolition of all restrictions against domestic and foreign trade—an abundance of goods and services at lower prices; more jobs for more people at higher real wages; more profits for manufacturers; a higher level of living for farmers; more income to the state in the form of taxes at the customary or lower levels; the most productive use of capital, labor, and natural resources; the end of the "class struggle" that, according to Bastiat, was based primarily on such economic injustices as tariffs, monopolies, and other legal distortions of the market; the end of the "suicidal policy" of colonialism; the abolition of war as a national policy; and the best possible education, housing, and medical care for all of the people.

Original or not, that systematic development of the principles of free trade into a complete and harmonious whole

would appear to be a worthwhile contribution to the field of economics. Perhaps Louis Bruel correctly identified the merit of Bastiat's work in this area when he wrote that Bastiat was the first economist "to devise a complete and true theory of free trade that combined all of the various arguments . . . that had so far been advanced."¹

While Bastiat's most original contributions to the field of political economy are in the area of philosophy of government, it seems certain that he will continue to be remembered mostly for his persuasive methods of using parables, allegories, satire, and humor to convey his free trade ideas to the general public. He, himself, recognized this fact. And while it did not entirely please him, he gracefully accepted it as the "right to choose" of the people for whom he wrote. Thus, because of their importance to an understanding of Bastiat's influence, a selection of the best known of those stories is here translated in somewhat condensed form.

Most of his 50 or so parables and satires appeared in his *Economic Sophisms*—and the most famous among them is, of course, the Candlemakers' Petition on the subject of "cheap foreign competition."² That satire seems destined to live as long as the reality of competition and the desire for protection remain factors in human relations—forever.

Bastiat's "petition" on behalf of the candlemakers and other purveyors of artificial lighting was addressed to the deputies of the National Assembly:

"We candlemakers are suffering from the unfair competition of a foreign rival. This foreign manufacturer of light has such an advantage over us that he floods our domestic markets with his product. And he offers it at an absurdly low price. The moment this foreigner appears in our country, all our customers desert us and turn to him. As a result, an entire domestic industry is rendered completely stagnant. And even more, since the lighting industry has countless ramifications with other national industries, they too are injured. This foreign manufacturer who competes with us without mercy is none other than the sun itself!

"Here is our petition: Please pass a law ordering the covering of all windows and skylights and other openings, holes, and cracks through which the light of the sun is able to enter houses. This free sunlight is hurting the business of us de-

serving manufacturers of candles. Since we have always served our country well, gratitude demands that our country ought not to abandon us now to this unequal competition.

"We hope that you gentlemen will not regard our petition as mere satire, or refuse it without at least hearing our reasons in support of it.

"First, if you make it as difficult as possible for people to have access to natural light—and thus create an increased demand for artificial light—will not all domestic manufacturers be stimulated thereby?

"For example, if more tallow is consumed, naturally there must be more cattle and sheep. As a result, there will also be more meat, wool, and hides.

"Next, if more oil is consumed for lighting, we shall have to plant extensive olive groves and other oil-producing crops. This will bring prosperity to agriculture.

"In addition, our waste lands will soon be covered with pines and other resinous trees. As a result of this, there will be numerous swarms of bees to increase the production of honey. In fact, all branches of agriculture will show an increased development.

"The same applies to the shipping industry. The increased demand for whale oil will require thousands of ships for whale fishing. In turn, that will provide a myriad of jobs for shipbuilders and sailors. In a short time, we will also have a navy capable of defending our country. And that, of course, will gratify the patriotic sentiments of us candlemakers and other persons in related industries.

"The manufacturers of lighting fixtures will be especially stimulated—candlesticks, lamps, candelabra, chandeliers, crystals, bronzes, and so on. The resulting warehouses and display rooms will make our present shops look poor indeed.

"The resin collectors on the heights along the seacoast, as well as the coal miners in the depths of the earth, will rejoice at their higher wages and increased prosperity. In fact, gentlemen, the condition of every citizen in our country—from the wealthiest owner of coal mines to the poorest seller of matches—will be improved by the success of our petition."

Perhaps Bastiat's philosophy of free trade in general is best illustrated by his allegory on the French ironmaker who de-

vised a way to stop the importing of Belgian iron.³ "Our French protectionist," said Bastiat, "was well aware that Belgian mine owners were able to produce and ship iron into France at less cost than he and other French mine owners could produce it and sell it at home. That fact was naturally reflected in the comparatively low price of Belgian iron in French markets. And just as naturally, the French people bought most of their iron from Belgian producers instead of from their own domestic producers. That fact displeased the French mine owners exceedingly, and the one we are here discussing decided to do something about it.

"At first, he considered the possibility of *personally* stopping that undesirable trade. He thought that he might take his gun, sally forth to the frontier, and kill the nailmakers, locksmiths, and other users of iron who crossed the border to patronize his competitors. That would teach them a lesson!

"But, unfortunately, there was the possibility that those buyers of Belgian iron might object to being killed, and kill him instead. Moreover, he knew that he would have to hire men to guard the entire frontier to make his plan effective. That would cost more money than he had. So our hero was about to resign himself to freedom, when suddenly he had a brilliant idea.

"He remembered that at Paris there is a large factory engaged in producing laws. He knew that everyone in France is forced to obey the laws, even the bad ones. So all he needed from the Parisian law-factory was just one small law: *Belgian iron is prohibited*.

"Then, instead of having to guard the frontier with his own few employees, the government would send 20,000 guards—chosen from the sons of the very locksmiths and enginemakers who were carrying on this undesirable trade with the Belgians. Better still, the domestic mine owner himself wouldn't even have to pay the wages of those guards. That money would be taken from the French people in general, much of it from the self-same buyers of Belgian iron. Our hero could then sell his iron at his own price.

"With this ingenious plan, our French mine owner proceeded to the law-factory in Paris. ("At some other time," interjected Bastiat, who was himself a deputy, "I may tell you of his underhand methods, but here I wish to speak only of what was divulged to the public.")

"The protectionist ironmaker urged the authorities of the law-factory to consider the following argument: 'Belgian iron sells in France for 10 francs per hundred pounds. That forces me to sell my iron at the same low price. But I would prefer to sell it for 15 francs. Now if you will only produce a law that says, *Belgian iron shall no longer enter France*, the following wonderful results will occur. For each hundred pounds of iron that I sell to the public, I shall receive 15 francs instead of 10 francs. As a result, I can expand my business and employ more workers. My workers and I will have more money to spend. This will help all the tradesmen in our community. The tradesmen will, in turn, then also buy more goods. That will mean larger orders to their suppliers all over France. Those suppliers, in turn, will also expand their businesses and hire more workers. Thus employment and prosperity will increase throughout France. All this will result from that extra five francs that your law will permit me to charge.'

"The producers of the laws in the law-factory were charmed indeed by the logic of our hero. They rushed to produce the requested law. 'Why talk of hard work and economy,' they said, 'and why use an unpleasant way to increase the wealth of our nation when a single law can do the same thing.'

"Now in all fairness," continued Bastiat, "we must do justice to the arguments of this mine owner who wanted a tariff to increase domestic employment. His reasoning was not entirely false, but rather *incomplete*. In securing from the government a special privilege, he had correctly pointed out certain *results that can be seen*. But he completely ignored certain other *effects that cannot be seen*.

"True enough, the five-franc piece thus directed by law into the cash-box of the domestic producer does serve to stimulate the economy along the lines he predicted. That can easily be seen. But what is not seen is this: That five-franc piece comes, not from the moon, but from the pocket of some French citizen who must now pay 15 francs for the thing that cost him only 10 francs in a free market. And while the protected industrialist may well use the five francs to encourage national industry, the French citizen himself would also have used it for the same purpose, if he had been left free to do so. He would have used his five francs to buy a book, or

shoes, or some other article or service he wanted. In either case, national industry as a whole would be stimulated by the same amount.

"Thus the new tariff law has resulted in this: The protected industry now makes a high profit to which it is not justly entitled. The average French citizen has been duped out of five francs by his government, and must therefore do without the article or service he would have bought with it. One segment of the economy has profited at the expense of many others. True enough, because of the artificial price increases, new jobs have been created in the protected industry. *But what is not seen* is the fact that the extra money now spent for iron must necessarily result in reduced spending for other products and services, and thus fewer jobs in those industries. And worst of all, the people have been encouraged to think that robbery is moral if it is legal."

Perhaps Bastiat's most bitter satire concerned the mercantilist and protectionist arguments for a favorable balance of trade.⁴ "A French merchant shipped \$50,000 worth of goods to New Orleans and sold them for a profit of \$17,000. He invested the entire \$67,000 in United States cotton and brought it back to France. Thus the customhouse record showed that the French nation had imported more than it exported—an *unfavorable* balance of trade. Very bad.

"At a later date, the merchant decided to repeat that personally profitable transaction. But just outside the harbor, his ship was sunk by a storm. Thus the customhouse record showed that the French nation had exported more products than it had imported—a *favorable* balance of trade. Very good. And in addition, more jobs were thereby created for the shipbuilders.

"But since storms at sea are undependable, perhaps the safest governmental policy would be to record the exports at the customhouse and then throw the goods into the ocean. In that way, the nation could guarantee to itself the profit that results from a favorable balance of trade."

Bastiat's "Ancient Chinese Story" dealt with the idea of creating prosperity and jobs by destruction and make-work schemes at home:⁵ "There were in ancient China two large cities, Tchin and Tchan. They were connected by a magnifi-

cent canal that had been built to encourage more trade at less transportation cost between the cities. But during a depression in that section of China, the Emperor decided to create jobs and prosperity by ordering large blocks of stone thrown into the canal, thus making it useless.

"The Emperor's Prime Mandarin, when ordered to carry out this plan, said to him, 'Son of Heaven, this is a mistake!'

"The Emperor replied, 'Kouang, you talk nonsense!' ("I am here giving you only the substance of their conversation," said Bastiat.) "At any rate, the quarrying, transporting, and throwing of those blocks of stone into the canal did clearly provide jobs for many Chinese. And that isn't all.

"At the end of three months, the Emperor summoned his Prime Mandarin and said, 'Kouang, look across the old canal.'

"Kouang looked and saw a multitude of men at work. On the other side of the old canal, workers were busily excavating, filling, leveling, and paving. They were building a new highway between the two cities to facilitate trade!

"When another three months had elapsed, the Emperor again sent for his Prime Mandarin and said, 'Kouang, look.'

"And Kouang looked. He saw the road completed. Crowds of carts were carrying goods from one city to the other. And a multitude of Chinese porters were carrying on their tired backs enormous burdens from Tchin to Tchan, and from Tchan to Tchin. He also noticed that builders were busily constructing inns for travelers along the new highway. Kouang was beginning to be convinced that his Emperor's scheme to create prosperity by filling in the canal was a brilliant and practical idea. But there is still more.

"Another three months passed, and the Emperor sent again for Kouang and said, 'Look.'

"Kouang looked. In addition to all the activity he had seen before, there was now a great deal more. The hostelries were now completed and full of travelers. And to supply their needs, there were butcher shops, bakers' stalls, shops for the sale of edible birds' nests, and so on. There were also tailors, shoemakers, sellers of parasols and fans, and many more. And as those service people also needed houses, there was a plentiful supply of masons, carpenters, and roofers. Then, of course, there were policemen, judges, and other necessary officials. There was even an increase in the number of persons who employed themselves as smugglers and robbers.

"Finally Kouang was fully convinced that his Emperor was indeed the most brilliant genius who had ever lived. The Son of Heaven had proved conclusively that prosperity can be created by the process of destruction; that jobs can be created by obstructing trade."

As usual, Bastiat ended his satire with a plea for a free market economy. Here is a summary of the ideas he used for that purpose in this and various others of his allegories:

"Kouang no longer argued that all this labor could have been used for something constructive instead of for the destructive replacement of a superior transportation route with an inferior one. He forgot that just as many people were eating, trading, and building when the old canal was open; that the increase in government spending had come from increased taxes; that the decreased spending power of the taxpayers had caused the loss of at least as many jobs as the increased government spending had provided; that the people as a whole in Tchín and Tchan were now working harder and producing less; that prices had gone up and real wages had gone down because of the increased transportation and labor costs of moving goods between the two cities. Like his Emperor, Kouang was so intrigued with what he saw directly before his own eyes that he completely ignored the other side of the picture that could not be seen but had to be reasoned out."

It was inevitable that the story of Robinson Crusoe would furnish grist for Bastiat's particular mill. And it did, too—on several occasions. One of them deals with the labor theory of value and the popular idea of using prohibitive tariffs to protect jobs at home:⁶ "Do you remember how Robinson Crusoe made a plank on his desert island? Since he had no saw, he used his axe to cut down a tree. Then he chopped the trunk of the tree, first on one side and then on the other, until he reduced it to the desired thickness. This plank cost him 15 days of labor. In addition, he dulled his axe and consumed much of his food supplies.

"Now here is a footnote to that story that is not generally known. Just as Robinson was striking the first blow with his axe, he saw a plank thrown by the tide upon the seashore. His first impulse was to run and get it. But then he stopped

and reasoned as follows: 'If I get that plank, it will cost me only the time and trouble of going down to the water's edge and carrying it back up the cliff. But if I make a plank with my axe, I shall give myself 15 days of labor. In addition, I shall also dull my axe, which means that I shall have the job of sharpening it. Also, I shall have to replace the provisions that I consume during my labor. Now everybody knows that, as the source of all value, *labor is wealth*. So it is clear that I would be doing myself a disservice if I accepted that free plank. I must make sure that I always have work to do. Now that I think of it, I can even make additional work for myself by going down and kicking that plank back into the sea!'

"Now you might think that Robinson's reasoning was absurd. Nevertheless, it is the same reasoning that is followed by every nation that uses tariffs and other restrictions against trade in an effort to make more jobs at home. The nation rejects the foreign plank that is offered in exchange for a little work, in order to insure more work by manufacturing its own plank at home. Such a nation even sees a gain in the labor of the customhouse officials—much like Robinson's decision to throw back into the sea the present it had given him.

"If you think of a nation as a collective being, you can't find an atom of difference between the reasoning of the tariff advocates in real life and the reasoning of Robinson Crusoe in this fable."

Perhaps Bastiat's most appealing story concerns the strange idea of putting an *extra* tariff on low-cost and efficient producers in order to force their prices up to those of the high-cost and inefficient producers.⁷ "A poor peasant in France had planted a few grape vines of his own. After much sweat and time, he harvested enough grapes to make a cask of wine. 'I shall sell this wine,' he said to his wife, 'and buy enough material to enable you to make a trousseau for our daughter.'

"Our honest peasant took his cask of wine to the nearest town. There he met an Englishman and a Belgian, and began to bargain with them about exchanging his wine for cloth.

"The Belgian said, 'Give me your wine, and I will supply you with 15 parcels of the material you want.'

"Then the Englishman entered the bargaining with this offer, 'Since we English can manufacture cloth at less cost

than the Belgians, I will give you 20 parcels for your cask of wine.'

"The peasant was about to sell to the Englishman when a customhouse official, who had heard the conversation, spoke to the wine owner. 'My friend,' he said, 'trade with the Belgian if you wish, but I have orders to stop you from trading with the Englishman.'

"The astounded countryman exclaimed, 'What! You wish me to be content with 15 parcels of material that come from Brussels when I can get 20 parcels that come from Manchester?'

"The customhouse official answered, 'Certainly, don't you understand that France would suffer if you receive 20 parcels instead of 15?'

"The peasant didn't understand it at all, and said so in no uncertain terms.

"Replied the customhouse official, 'Well, I'm sorry I can't explain it, but there is no doubt that it's true. You see, all our government officials and journalists have agreed that the more a nation receives in exchange for its products, the more it is impoverished.'

"Thus because of the protective French tariff against low-cost English textiles, the peasant got just as good a bargain by exchanging his wine for high-cost Belgian textiles. As a result, his daughter got only three-fourths of her trousseau. And those unsophisticated countrymen are still wondering to this day how it happens that a person is ruined by receiving four yards of cloth instead of three. They still don't understand why a person with nine towels is richer than a person with 12."

In another "tale of two cities," Bastiat covered two of his favorite themes simultaneously—artificial restrictions against trade, and retaliatory tariffs.⁸ "Once upon a time, there were two cities—Stulta and Puera. But because of the mountains and swamps between them, they found it difficult to trade with each other. So at great expense, they built an excellent highway from one city to the other. And as expected, trade between them increased rapidly.

"But soon thereafter, certain groups in Stulta began to complain that too many products were coming over the new highway from Puera. They feared that the economy of Stulta

would be ruined thereby. So the government of Stulta began to impose quotas and tariffs against the products of Puera. In retaliation, the government of Puera imposed equal restrictions against products from Stulta. And so it continued for several years; the advantages gained by the new highway were wiped out by the artificial restrictions on its use. The amount of trade between the two cities was soon about the same as before the highway was built.

“But as sometimes happens, a few persons in Puera began to question the idea of retaliatory tariffs against Stulta. Their arguments for abolishing them were somewhat as follows:

“It is true that the restrictions imposed upon us by Stulta are a hindrance to the *sale* of our goods in that city. That is a misfortune. But the restrictions we have imposed in retaliation are a hindrance to our *purchase* of goods from Stulta. That is a further misfortune. Now there is nothing we can do about the restrictions against trade imposed upon us by Stulta. But we can do something about the restrictions we ourselves have imposed upon our own purchase of goods from that city. Since we cannot do away with the total evil, at least let us abolish that part of the evil that we ourselves have created. We can always hope that the people of Stulta will someday learn that free trade is in their own best interests. Then they will abolish their restrictions against us. But meanwhile, we are foolish indeed to continue to injure ourselves in order to spite the misled people of our neighboring city.”

For the final “Bastiat parable” in this chapter, we again find ourselves back on that island with Robinson Crusoe. This time, however, Bastiat expands that one-man economy by introducing Friday and a visitor from another island who wants to trade with them. This short story includes not only the basic theory for international free trade but also several of the most popular arguments against it:⁹

“Robinson Crusoe discovered that his island was equally suitable for both hunting and agriculture. So he and Friday soon developed a work schedule of 12 hours each day that insured them an adequate supply of food. But it is not generally known that they once had an opportunity to secure the same amount of food at a 25 per cent reduction in their labor—and turned it down!

"As the fable goes, one day a canoe arrived from a foreign island. On that island, there was plenty of game but comparatively little agriculture. So the foreigner wanted to trade game for vegetables. He offered to supply Robinson and Friday with all the game they needed, and thus to cut six hours of "hunting time" from their working day. In return, they were to give him two baskets of vegetables each day. That would, of course, increase the time they would have to devote to agriculture—from six hours to nine hours, it so happened. Thus the foreign trade would result in a net saving of three hours of labor each day for both Robinson and Friday. They walked away from the foreigner to discuss his offer in private.

"It soon developed that Friday was in favor of the trade, and Crusoe was opposed. Their reasoning went somewhat as follows:

"Robinson pointed out to Friday that if they accepted the foreigner's offer, their own hunting industry would thereby be ruined. In turn, the practical Friday restated the fact that they would still have as much game to eat as they now had. And while they would have to work longer at agriculture, they would still save three hours of labor on the total transaction.

"Then Robinson argued that the three hours of saved labor was not a gain but a loss, since everybody knows that all value depends on labor, and that labor is thus wealth. Anyway, what would they do with those extra hours?

"Friday suggested that they could use them to fish, or to improve their housing, or to read, or merely to loaf. But Robinson was too firmly grounded in the labor theory of protectionism to be convinced. He honestly believed that labor itself (rather than the net product of that labor) is the proper measure of prosperity.

"Robinson then added that there were also political reasons for rejecting the offer of the cunning foreigner. For example, the foreigner wouldn't make the offer unless he expected to get from it more than he gave. Friday agreed, but reminded his master that they also would make a large profit from the trade.

"Next Robinson explained to Friday that this trade would make them dependent on the foreigner. Again Friday agreed, but pointed out that the foreigner would likewise be dependent on them.

"Then Robinson thought of the possibility that the for-

eigner might learn to grow enough vegetables on his own island. If that happened, he would no longer bring game to them, and they might starve. Or, even worse, he might bring vegetables as well as game, and thus destroy *two* of their industries instead of merely one.

"Friday was of the opinion that both the absolute and comparative advantages of the economies of the two islands would make this most unlikely. But even if the trade ceased altogether, they would be no worse off than now. And if the foreigner brought both game and vegetables, they would have to produce something else to exchange with him, or return to their present arrangement for securing food.

"But Robinson thought that Friday's arguments were impractical and based on mere theory. So, refusing to listen further, he returned to the foreigner and spoke as follows: 'Stranger, before we accept your offer, we must be sure of two things. First, you must assure us that your island is not richer in game than is ours, for we wish to fight with *equal* weapons. Second, since in all exchange there is necessarily a winner and a loser, you must lose by the exchange. Now what do you say to that?'

"Replied the foreigner, 'Nothing!' And laughing loudly, he got in his canoe and paddled away."

In discussing Bastiat's free trade principles, the *Encyclopaedia Britannica* in 1910 says that: "In his *Sophismes Economiques* we have the completest and most effective, the wisest and the wittiest exposure of protectionism in its principles, reasonings, and consequences which exists in any language. He was the opponent of socialism. In this respect also he had no equal among the economists of France."

Certainly, one admirer of Bastiat became overly enthusiastic when he referred to "Frederic Bastiat, the most judicious thinker of the nineteenth century."¹⁰ But the following appraisal by his colleague and fellow economist, G. de Molinari, was probably close to the reality of the situation: "Beyond any doubt, Bastiat was the man who contributed most to the popularization of political economy."¹¹ Certainly that was true in the France of his time. And as we shall see, he also had considerable influence in several other countries.

Finally, the teacher to whom I first look for my own economic education, Ludwig von Mises, had this to say about

Bastiat's work in the area of free trade: "Bastiat was a brilliant stylist, so that the reading of his writings affords a quite genuine pleasure. In view of the tremendous advances that economic theory has made since his death, it is not astonishing that his teachings are obsolete today. Yet his critique of all protectionist and related tendencies is even today unsurpassed. The protectionists and interventionists have not been able to advance a single word in pertinent and objective rejoinder. They just continue to stammer: Bastiat is 'superficial.'"¹²

In these four chapters, I have summarized the philosophy of Bastiat on government, on economic harmony, and on free trade—plus the background of his intellectual development. The remainder of the book will be a study of his career and influence, plus his specific ideas on the best *mechanical organization* of government. Hereafter, his general philosophy will be encountered only in passing and as it applies to his influence on others. But the proper historical setting for that career and influence must first be established by a summary of the theory and practice of international trade in France and Great Britain before 1845 and the first meeting of Cobden and Bastiat.

5

French and English Trade Policies Before 1845

This introductory summary of French and English commercial policies before the founding of the Anti-Corn-Law League is extracted from various encyclopedias and standard works on the subject. Since this "setting of the story" is only incidental to the purpose of the book, no attempt is here made to develop the already-well-known facts in any great detail.

Mercantilism is a form of planned economy that developed naturally out of feudalism. That national trade policy could just as easily (and perhaps even more logically) have been called "Colbertism." For Jean Baptiste Colbert (1619-1683), Controller General of Finance under Louis XIV, was the world's leading advocate of the mercantile policy of controlling the peaceful activities of individuals on behalf of "national interests." "Among European statesmen and financiers, the most famous of this school was Colbert . . . [who] had a passion for regulating everything, which took shape in restrictions and bounties and protective tariffs."¹

Gide and Rist refer to the "Mercantile and the Colbertian systems" as two terms to describe the same thing.

"A belief in the necessity of production for national strength and wealth has been strong throughout French economic history. . . . The climax of French economic statism . . . came during the administration of Jean Baptiste Colbert."² His sole objective was to build up French production and trade. In 1664, he even *reduced* tariffs to see if such a

policy might attract trade away from the prosperous Netherlands. It did. But three years later, due to bitter complaints from his own protectionist-minded merchants, he raised tariffs back to their former prohibitive levels. Colbert himself once said that a proper national commercial policy is "to let in the materials that aid the manufacturers within the nation, and to keep out the finished goods that have been produced elsewhere."³

French economic thinking has traditionally been that "the state should do approximately what Colbert had attempted"—that is, to stimulate production in order to advance commerce; to advance commerce in order to secure a favorable balance of trade; and to secure a favorable balance of trade in goods so that the nation might receive the difference in gold and silver bullion.

That description of traditional economic thinking in France serves just as well as a description of English economic policy until well into the nineteenth century. For, generally speaking, England was a faithful follower of "the industrial system which is associated with the name of Colbert in France."⁴

In Great Britain "under the mercantile system, in its various phases, an effort had been made to regulate the maritime trade, so as to build up the power of the country, by the Navigation Laws; to stimulate industry by protective tariffs; and to foster agriculture by means of Corn Laws."⁵ In fact, with the exception of the "internal tariffs" of France, the nationalistic and restrictive trade policies of France and England throughout the sixteenth, seventeenth, and eighteenth centuries were basically the same.

Here is a quotation from Buckle's famous *History of Civilization in England* describing the extent and results of mercantilism in Britain during the eighteenth century; it applies equally as well to France:

"In every quarter, and at every moment, the hand of government was felt. Duties on importation, and duties on exportation; bounties to raise up a losing trade, and taxes to pull down a remunerative one; this branch of industry forbidden, and that branch of industry encouraged; one article of commerce must not be grown, because it was grown in the colonies, another article might be grown and bought, but not sold again, while a third article might be bought and sold,

but not leave the country. Then, too, we find laws to regulate wages; laws to regulate prices; laws to regulate profits; laws to regulate the interest of money; customhouse arrangements of the most vexatious kind, aided by a complicated scheme, which was well called the sliding scale,—a scheme of such perverse ingenuity that the duties constantly varied on the same article, and no man could calculate beforehand what he would have to pay. To this uncertainty, itself the bane of all commerce, there was added a severity of exaction, felt by every class of consumers and producers. The tolls were so onerous as to double and often quadruple the cost of production. A system was organized, and strictly enforced, of interference with markets, interference with manufactories, interference with machinery, interference even with shops. The towns were guarded by excisemen, and the ports swarmed with tide-waiters, whose sole business was to inspect nearly every process of domestic industry, peer into every package, and tax every article; while that absurdity might be carried to its extreme height, a large part of all this was by way of protection: that is to say, the money was avowedly raised, and the inconvenience suffered, not for the use of the government, but for the benefit of the people; in other words, the industrious classes were robbed, in order that industry might thrive.”

The philosophy of free trade was also introduced into both nations within a few years of each other. It happened first in France in 1758 with the publication of the book, *Tableau Economique*, by Dr. Francois Quesnay, founder of the Physiocrat School of the new science of political economy. It was followed in England in 1776 by Adam Smith with his *Wealth of Nations*. As we already know, Smith was greatly influenced by Quesnay, whom he knew personally. According to the French economists, Gide and Rist, “But for the death of Quesnay in 1774—two years before the publication of the *Wealth of Nations*—Smith would have dedicated his masterpiece to him.”

The specific arguments of Quesnay and Smith are outside of this brief introduction to the free trade movement in France and Great Britain. (We have already noted the influence of those two economists on Bastiat.) It is sufficient here to repeat the fact that, for the first time, the principles

of free trade were advanced as a *philosophy* instead of a temporary expedient or experiment—and that the books of both men had an immediate effect in their respective countries. That fact is most dramatically illustrated by Turgot in France and Pitt in England.

Robert Jacques Turgot was Controller General of Finance (1774-76) under Louis XVI. "Favoring the free trade and free competition principles of Vincent de Gournay and a disciple of the Physiocrats, Turgot . . . advocated complete freedom . . . for commerce and industry."⁶ By Royal Edict in January of 1776, he abolished the monopolies and special privileges of the guilds, corporations, and trading companies. Turgot also dedicated himself to breaking down the "internal tariffs" within France. But the opposition to his overall policies (aided by the court intriguing of Marie Antoinette) proved too strong, and he was forced from office four months after his Edict. Even so, his immediate successors did not revert to the complete protectionist system that had previously existed in France.

William Pitt became Prime Minister of Great Britain in 1783. His policies were "all in accordance with the theories of Adam Smith."⁷ Pitt was the chief architect of the 1786 "Anglo-French commercial treaty whereby each state engaged to reduce the duties levied upon certain stipulated products imported from the other state. . . . Under it, trade between the two countries was doubled within the space of three years."⁸

"Many of the advisors of Louis XVI were Physiocrats or were greatly influenced by that school of economic thinkers, while their most brilliant pupil, Adam Smith, had influenced many of the leaders in England through his *Wealth of Nations*."⁹

Thus for an unfortunately short period of time, the free trade principles of Quesnay and Smith seemed well on their way toward general acceptance. Then came the French Revolution of 1789. "In the early years of the Revolution, tariff reform in France continued to make progress. In 1790 the Constituent Assembly abolished all provincial tariffs and other restrictions upon internal trade, and in the following year it took another long step in advance by establishing a uniform tariff. . . . The rates were moderate, and the pro-

hibitions of imports and exports were few and unimportant.”¹⁰ But with the beginning of war with Austria in 1792, and with Great Britain in 1793, that liberal policy was soon abandoned. “Tariff rates were increased; prohibitions and restrictions were multiplied; treaties, as that of 1786, were annulled; a warfare of decrees and orders in council was inaugurated.”¹¹ In due course, this culminated in Napoleon’s so-called Continental Blockade—and in massive retaliation by Britain. Both nations returned to a system of almost complete state control of all commercial activities. Tariffs, bounties, prohibitions, licensing, and various other forms of the closed commercial system were reimposed in stronger form than ever before.

When the war ended in 1814, both nations hastened to turn their “temporary war measures” into permanent peacetime trading policies. “The peace of 1815 threatened the whole agricultural interest [in Great Britain] with ruin. In the hope of averting it, the Corn Law of 1815 was passed. Up till this time, the motive of the Legislature had been regulative rather than protective. The Act of 1815 introduced protection pure and simple, the importation of foreign wheat being absolutely prohibitive so long as the [domestic] price was under 80 shillings per quarter [i.e., 8.256 bushels].”¹² While tariffs and other restrictions against products other than grain were not quite so prohibitive, they remained exceedingly high and onerous.

In France, Louis XVIII actually favored lower tariffs. But as in England, the French agriculturists and manufacturers united to “establish between 1814 and 1826 the ultraprotective tariff system of the Restoration which continued in force with but little change until the Second Empire.”¹³

“This prohibitive tariff [in France after Napoleon] was like a cancer which, nurtured in the tradition of Mercantilism and the practice of war, started to grow in 1816 and fed upon itself. . . . Most French leaders refused to recognize the nature of the disease that impaired the vitality of the national economy.”¹⁴

“The French peace tariff [of 1816-18] was based on the principles of higher duties or absolute prohibition.”¹⁵ The French tariff of 1814 “prohibited the importation from any nation of a long list of goods, and it raised rates on many other items. To this tariff were added higher rates in 1816.” The rates were raised again in 1819, 1820, 1821, 1822, and

1826. "Minor adjustments in the ultraprotectionist tariffs were made in succeeding years . . . but no drastic changes were effected in them until the reign of Napoleon III."¹⁶

The above summary statements will serve to show the almost impossible task that faced Bastiat when he began the free trade movement in France during the mid 1840's. Meanwhile, an entirely different policy was making its appearance in England. The remainder of this chapter will be devoted in some detail to that development, with special emphasis on the tactics and methods used by the Anti-Corn-Law League from 1838 to 1845 to accomplish its objective.

In the early 1820's, "there was hardly an article obtainable from abroad that was admissible [into Great Britain] without the payment of import duties, always heavy, sometimes excessive, and in certain cases all but prohibitory."¹⁷ But with the appointment of William Huskisson as President of the Board of Trade in 1823, a dramatic change began to occur. Huskisson's ideas "were derived from Adam Smith."¹⁸ (Gide and Rist state that Huskisson was "partially" influenced by Smith's doctrine; that would appear to be a happy choice of the exact word, for he was not a philosophical free trader.) During the next four years, he initiated a series of financial reforms that resulted in a general reduction of tariffs to a 30 per cent ad valorem duty or less. While that was still exorbitant, it was a vast improvement over what had previously existed. In the process, he also simplified the customs laws and initiated "equality and reciprocity" navigation treaties with various nations.

Actually, Huskisson did not advocate free trade as such, "but rather the freeing of commerce from its most burdensome encumbrances."¹⁹ The editors of the *Political History of England*, however, state that if Huskisson had not died prematurely in an accident in 1830, the adoption of free trade in England "would have been hastened by 10 or 15 years." But since Huskisson did not endorse the *philosophy* of free trade—and since he himself favored the retention of a prohibitory duty on grains—that hardly seems likely. Even so, Richard Cobden himself said that Huskisson's work marked the beginning of the free trade revolution in England.

After Huskisson's limited reforms, the tradition of protectionism continued on its customary path in England. It wasn't

until September 10, 1838, with the formation of the Anti-Corn-Law League, that the *philosophical* battle between protection and free trade was finally joined. The name of John Bright appeared among the 38 original subscribers. Richard Cobden, who had been active in the preliminary discussions that led to the formal organization, was away from Manchester that specific day on a business trip. Thus his name is found among the 31 additional subscribers who joined the League (then called the Manchester Anti-Corn-Law Association) the following week.

On January 22, 1839, the infant and unknown League performed its first act of any public importance. It gave a dinner in honor of "Mr. C. P. Villiers, M.P., and several other Members of Parliament who had voted for Mr. Villiers' annual motion for the repeal of the Corn Laws" that he had introduced into the House of Commons for the past several years. Those three men—Cobden, Bright, and Villiers (plus the second president of the League, George Wilson)—soon became the recognized leaders of the free trade movement that was to introduce a commercial revolution into Great Britain and the world in general.

While Wilson was chairman of the organization almost from the beginning, for the most part he did his excellent work in an administrative and advisory capacity behind the scenes. It was Cobden who quickly became the "natural" leader of the League and captured the public fancy. In the summer of 1841, he campaigned for Parliament on a free trade platform, and won. His battle cry, "You must untax the people's bread," soon became known not only in the House of Commons but throughout the Empire.

Cobden, with the staunch help of Wilson, refused to let the League be drawn into side issues, no matter how appealing or important they were. He well knew that other free trade associations—notably the one formed in London in 1836—had foundered primarily because they had supported too many "causes." The Anti-Corn-Law League, from its shaky provincial beginning to its magnificent national triumph, confined its efforts to one objective—the total repeal of the Corn Laws.²⁰

In the beginning, the League was supported primarily by the manufacturing interests who assumed (correctly) that the

repeal of the Corn Laws would actually result in the abolition of all tariffs and other restrictions on external trade. But from the beginning, Cobden and his chief colleagues exerted every effort to turn their organization into a popular and broadly-based movement of the people. They knew that the control of Parliament was held by the powerful landowners who wanted to continue the prohibitive tariffs against the importation of agricultural products. Thus they were convinced that only with the overwhelming popular support of the British people could they force them to surrender their monopoly on grain. Various tactics and methods were developed and tested by the League for their effectiveness in swaying public opinion.

Speakers were hired to stump the Kingdom to talk to anyone who would listen. Skilled debaters were found to challenge (and almost always, to rout) any protectionist who could be maneuvered into a public "discussion" of the issue. Over the years, hundreds of tons of pamphlets, handbills, cartoons, and posters were printed and distributed. Essay contests were sponsored for schoolboys and others. A newspaper, the *Anti-Corn-Law Circular*, appeared in April of 1839. In due course, it became the *Anti-Bread-Tax Circular*, and finally, *The League*. It was published weekly, and eventually reached a steady paid circulation of around 20,000.

In 1843, the headquarters of the League was moved from Manchester to London in order to counteract the sectional reputation it had built up. But even so, the Manchester group remained firmly in charge. In due course, the paid lecturers were replaced by men of considerable standing. Cobden himself toured the nation on several occasions, speaking equally to groups of 50 or 5,000. John Bright was another superior public speaker. Together they were unbeatable—and soon they couldn't find even one protectionist of note who would agree to meet them in open debate on the subject of free trade. Even the opposition M.P.'s in Commons (which included at least three-fourths of the members) became increasingly reluctant to debate the issue with them there.

The League's greatest successes came from its vast public meetings. After a few disastrous experiences with poorly prepared speakers who antagonized the audiences—and with opposition hecklers who had been sent to disrupt the pro-

ceedings—those meetings were soon organized to the smallest detail. Only League members were invited to be on the local committees that sponsored them. The carefully selected and trained speakers knew exactly what they were going to say. Any heckler who managed to slip in was tossed out bodily by the League's own "sergeants at arms" who were hired according to physical prowess "to maintain order." Dependable supporters with prepared questions were placed throughout the audience. Only "known and approved" persons could secure recognition from the chair to ask a question. Such carefully organized "spontaneous" discussions and debates were a new (and highly successful) phenomenon in an England that was accustomed to the open, unorganized, and turbulent political agitations of that particular era. In fact, the League's organizational tactics furnished a model that the traditional political parties tried to emulate later on.

The League had divided England and Wales into 12 districts with a permanent "registrar" in each. Among the secondary duties of these registrars was the signing up of new members and the raising of funds. But perhaps their most important function was to develop a complete file on each of the 800,000 electors who had the right to vote in Great Britain. Each elector was visited personally at least once. His political commitments and his philosophical preferences on various issues were carefully noted. And both friend and foe were showered with carefully selected League literature at regular intervals. "The Anti-Corn-Law League was the most advanced political machine this country had ever seen; this machine was at once a wonder to contemporaries and one of the League's most important bequests to the future."²¹

The League hired the best lawyers it could find to "challenge" any negligent and unsuspecting protectionist on the voting lists, in order to have him disqualified. Some of their low tactics in this area would have done credit to a modern-day, big-city, ward heeler. Next, the League encouraged its own supporters to buy "forty-shilling freeholds" in order to qualify for the vote themselves. These freeholds (any parcel of property that would yield an annual income of at least 40 shillings) could be purchased for 35 to 65 pounds, depending on the location and purpose of the property. The League searched them out all over the Kingdom, advertised them, and handled all the details for the selected purchasers

who, in addition to qualifying themselves for the right to vote, were also promised a five per cent return on their investments. That was an unusually appealing political approach!

While statistics, logic, and "Adam Smith" were the chief weapons used by the free traders in their speeches and articles, one of their most effective appeals was the mere recital of the simple and harsh truth that little children were dying in England "at this very moment" because the Corn Laws (according to the League) prevented the importation of bread for them to eat.²²

The League, at Cobden's insistence, hammered at simple themes—the Corn Laws raise the price of food; they create unemployment because foreigners can't ship in their grain to earn the money to buy our manufactured goods; they build up the competing manufacturers abroad; they protect inefficiency in agriculture at home; and so on. "Cobden was one of the greatest authorities of all time on the method of putting certain ideas of economic policy into practice."²³

The group to which the League directed most of its efforts and attention was "the great new middle class that had developed in England over the past 150 years." The leaders of the League were mostly from that group themselves, and they recognized that the merchants and manufacturers were soon to be the predominant force in English politics, if they weren't already. Even so, considerable attention was given to labor groups who were promised cheaper food, higher wages, and more jobs under free trade. The tenant and small farmers were promised lower prices for the products they bought, and higher prices for the "more suitable" crops they would grow automatically when protection was removed from grain. (In truth, though, neither the farm nor labor groups ever showed much enthusiasm for free trade.)

Obviously, these prodigious efforts by the free traders were bound to have political consequences, sooner or later. They did—in 1842, 1844, and again in 1845. But none of the "concessions" made by the government at those times were satisfactory to the Leaguers since none repealed the Corn Laws which they had sworn to abolish. Perhaps the most important of those "political victories" was the first one in 1842. That year, the Prime Minister, Sir Robert Peel, made sweeping

tariff concessions to League pressure. He reduced duties on 750 of the 1,150 articles on the tariff list. Some duties were abolished altogether. Even the duty on grain was reduced somewhat.²⁴ The power and influence of the Anti-Corn-Law League was clearly evident in Parliament.

That "victory," however, almost wrecked the League. Contributions dropped alarmingly. Many of its members were content with the partial victory and the vague references to more concessions in the future. But not Cobden. He roundly denounced the concessions as "a bitter insult to a suffering nation." He rallied the Leaguers back to their stated objective—the total repeal of the Corn Laws. The free traders then redoubled their efforts. For example, during 1843, fifteen million pamphlets on free trade were distributed. Public meetings were held in 140 towns and 25 agricultural districts. Groups of ministers were organized to deliver free trade sermons. Millions of signatures were secured on petitions to Parliament for the complete abolition of the Corn Laws. And more than 50,000 pounds in additional funds were raised to carry on the work.

When the government made another reduction in tariffs in 1844, the free traders began working still harder, if that was possible. Ninety thousand pounds were raised during the year. The Covent Garden Theatre was hired for mass public meetings in the capital city. A new and "independent" weekly journal, the now famous *Economist*, dedicated its full support to the principles of the League. (Actually, *The Economist* did not publish its first issue until the League had agreed to underwrite a large number of subscriptions.) By this time, almost all of the established daily newspapers had entered the fray. While most of them were on the side of the government and the protectionists, they at least generally printed what was said and done by the free traders, if for no other reason than to disagree with them. And the League managed to "encourage a friendly attitude" in several of them by its advertising and subscription promises. It also subsidized at least one friendly historian and several writers and cartoonists. It is almost certain that there was not even one literate person in all of Great Britain who had not read of the League and its work by the end of 1844.

Early in 1845, the government made further reductions in the tariff duties, and actually dropped 430 petty items from

the list.²⁵ But in spite of the fact that the people and the Parliament were now well educated in the principles of free trade, the official policy remained one of general protection, especially on grains.

Perhaps the strength of the League reached its peak during the first half of 1845. On March 13, Cobden made what is generally considered to have been his best Parliamentary speech on free trade. "The Prime Minister had followed every sentence with earnest attention; his face grew more and more solemn as the argument proceeded. At length he crumpled up the notes which he had been taking, and was heard by an onlooker who was close by, to say to Mr. Sidney Herbert, who sat next to him on the bench, 'You must answer this, for I cannot.' And in fact Mr. Sidney Herbert did make the answer, while Peel sat in silence."²⁶

In addition, the League successfully held great money-raising bazaars in London and other cities. Almost every town in the Kingdom now had its free trade association, and the growing Free Trade Party in Commons was being increasingly courted by the leaders of the traditional parties. After six years of constant work, the Anti-Corn-Law League had become a rich and powerful organization, supported by many of the most famous names in England.

But astoundingly enough, according to John Morley (a highly respected authority on Cobden and the free trade movement), in the summer of 1845 "the outlook of the cause was, perhaps, never less hopeful or encouraging."²⁷ He cited several reasons for his conclusion: The terrible depression that had given such impetus to the movement had largely vanished; two magnificent harvests had occurred in succession, thus automatically making wheat more plentiful from domestic sources; and above all, Peel's three tariff reductions had caused a considerable increase in trade, and that, in turn, had caused many manufacturers to wonder if it wouldn't be best to leave well enough alone. Also, because trade was thriving and pauperism and starvation were declining, the *general public* (the backbone of the League's strength) was beginning to show less interest in the "perpetual agitation" of the free traders. "The close of the session [of Parliament in the summer of 1845] found the members of the Manchester confederacy reduced to silence."²⁸

Those conclusions by Morley are subject to some doubt. At least, the most recent researchers on the subject do not share them fully. They do, however, support his claim that Cobden himself was truly discouraged by the lack of complete success after such prodigious effort. He was seriously considering resigning from the League and retiring from public life in general, and devoting his time to building back his manufacturing business that he had neglected for so long. He didn't feel that the League had any real chance of accomplishing its objective without a complete change of the government in power, and he held no hope for that in the near future.

Be that as it may, by a sheer coincidence, Frederic Bastiat chose that particular time to pay his first visit to the tired and discouraged Cobden whom he had admired from a distance for the preceding three years.

6

Bastiat and Cobden

This chapter is devoted primarily to tracing the relationship between Bastiat and Cobden, and the influence of each upon the other. The successful conclusion of the free trade movement in Great Britain is also recorded here.

Two facts, however, should be understood clearly. First, if Frederic Bastiat had never been born, the free trade movement in Great Britain would have followed exactly the same course, and with exactly the same results. Second, Cobden had far more influence on Bastiat on this issue of free trade than Bastiat had on Cobden. Even so, there is no doubt at all that Bastiat did exercise considerable influence on Cobden personally and on the "Manchester group" in general. This is especially true when one considers the general philosophy of freedom, of which free trade is only a part. Also, Bastiat did play a direct part, however small, in the struggle for free trade itself in Great Britain.

For example, "The British free traders were much embarrassed, however, by the dismal parts of the dismal science, and avidly seized upon the purified version of economics presented by the Frenchman, Frederic Bastiat. In a sense, he is the classical Manchester theorist."¹ With the marked exception of that acknowledgment by the economic historian, Heimann, most writers on the subject have always expressed the relationship with a comment such as, "Bastiat came under the influence of Cobden in England and was inspired to organize a similar movement in France." While that statement is, of course, true, it ignores the fact of Bastiat's increasing influence on Cobden *after* the victory for free trade in Britain.

From chapter two, we know that Bastiat had been following the fortunes of the League since 1842. But his first positive contact with it was a request to the Secretary (Hickin) in January of 1844 for various documents relative to the purpose and progress of the League. Bastiat's first letter to Cobden was in November of the same year. In it, he complimented Cobden on his work, and referred to "our cause" of free trade. He related in some detail his own work in France, including his first attempt to organize a free trade movement. "I tried to organize at Bordeaux an association for free trade; but I failed." Apparently, Bastiat was referring to his 1841 effort to form an "association for the defense of the wine growers" previously discussed. In that first letter to Cobden, Bastiat also enclosed a copy of his article on the English free trade movement that had just appeared in the *Journal des Economistes*. He concluded his letter with a request for additional documents and information to aid him in the completion of the book he was writing on the subject.

Bastiat received the information requested in both letters, and his correspondence with Cobden continued with increasing warmth and frankness throughout the remainder of his life. Most (probably all) of Bastiat's letters to Cobden were preserved. There were at least 42 of them, beginning on November 24, 1844, and ending on October 18, 1850. The salutation of the first one was "Sir." Next, it was "My dear Sir." After their first meeting, it became "My dear friend." Finally, it developed into "My very dear friend." While the letters covered a variety of subjects, the most frequent themes were free trade and the reduction of armaments.

Unfortunately, Cobden's letters to Bastiat were lost.² But various references to them in Bastiat's replies indicate that they were friendly and often of an important and confidential nature.

With the help of the additional material he received from Cobden, Bastiat was soon able to complete his book on the free trade movement in England. He titled it *Cobden and the League*. In a letter of apology to Cobden for thus using his name without prior permission, Bastiat explained that a title such as "The Anti-Corn-Law League" would be a "bit cruel to French ears." He added that "you, yourself, have recognized that proper names are sometimes necessary 'to

give point, to direct attention.' That is my justification." Ten months later, he was to write to Cobden that because he had used his name in the title of the book, "your name has now become popular in my country, and with your name, your cause."

In number of pages, Bastiat's *Cobden and the League* was a long book. But about three-fourths of it consisted of extensive translations from selected speeches and articles on free trade by Cobden, Bright, Villiers, Wilson, Fox, Hume, Brotherton, Gibson, Bowring, Spencer, Cox, Thompson, Marshall, O'Connell, Ashworth, Bouverie, and Smith—plus various extracts from the debates on the subject in Parliament. There were, however, extensive "comments by the translator" plus an 80-page introduction. In May of 1845, Bastiat went to Paris to assist the publisher, Guillaumin, in preparing the book for publication. Ten days or so after copies were available, he journeyed to England in early July to meet the men whom he had so long admired and about whom he had just written a book. In his baggage, he carried six copies of his work—inscribed and autographed for Cobden, Bright, Fox, Thompson, Wilson, and Hickin.

Bastiat was received most cordially by Cobden and the entire group. "I have just visited Cobden in his home . . . and we talked for two hours. He understands French well, speaks it a little, and, moreover, I understand his English." Bastiat spent that first evening with Bright, who took him to visit Commons the next day. Apparently, it was there that he met Villiers. In due course, he also visited with Ashworth, Fox, Thompson, Wilson, Hickin, Moore, Paulton, Smith, Evans, and others—including, apparently, Mill and Senior "for whom I have letters of introduction." He also visited both Manchester and Liverpool, met various of the leaders of the free trade groups in those cities, attended various "meetings," enjoyed two or three other visits with Cobden, and had "all the operations of the League" explained to him.

Soon after Bastiat's visit to England, the League began translating and publishing his works. Apparently, the first one was a month or so later; for in a letter to Cobden dated October 2, he wrote, "I saw with pleasure that you were disposed to second the views that I expressed in the letter that *The League* reprinted." (It was actually an article advocating an ad valorem tax instead of a tariff on imports.) Over

the years, the League published or sponsored many of Bastiat's articles and pamphlets, as well as his book, *Economic Sophisms*. In *The League* for April 25, 1846, the editors paid warm tribute to Bastiat as "a philosophical economist of the highest order—a man who unites profound science to active benevolence." Apparently Cobden, in one of his lost letters to Bastiat, himself offered to translate Bastiat's works into English. At any rate, Bastiat declined some such offer in his response to that letter: "Permit me, however, not to accept your offer. It would be a personal sacrifice that you would have to add to so many others, and I must not permit that."

In speaking of Cobden's relationship to Bastiat, Hobson wrote, "Among the group of distinguished Frenchmen who gathered around him as a champion of Free Trade in the late forties, he found just this quality of thought and this enthusiasm for peace and internationalism in which most of his Manchester friends were lacking. The most brilliant exponent of the sheer logic of free trade in this or any other country was Frederic Bastiat. . . . Coming over to this country, he spent some time studying the work of the League and formed a personal attachment to Cobden, whose presentation of the issue came nearest to his own. From that time on he remained a close friend and correspondent of Cobden. . . . A speculative mind, Bastiat saw all the implications of Free Trade in the development of a sound foreign policy based on peace, economy, colonial emancipation and anti-imperialism."³

In summing up Cobden's *general philosophy*, Morley said that he "never ceased to be the preacher of a philosophy of civilization; and his views on trade were only another side of his views on education and morality. Realist as he was, yet his opinions were inspired and enriched by the genius of social imagination. . . . In his intrepid faith in the perfectibility of man and society, Cobden is the only eminent practical statesman that this country has ever possessed, who constantly breathes the fine spirit of that French school in which the name of Turgot is the most illustrious."⁴

That "French school" was, of course, led by Bastiat for a period of five years or so—and Cobden was considerably more familiar with his philosophy than he was with that of Turgot. There is no question but that Cobden and Bastiat held the same general philosophy. While each was responsible to

some unknown extent for broadening and strengthening the ideas of the other, their basic philosophies were firmly set before they ever met. Both of them (but especially Bastiat) were clearly followers of the "natural law" concept of the proper relationship among men, both inside and outside of national boundaries. These two leaders of their respective free trade organizations were "crusaders" in every sense of the word. For in addition to their economic arguments for commercial freedom, their emphasis on natural and moral law also supplied a religious motif. They had truly *dedicated* themselves to a cause. Perhaps that explains why they quickly became such close friends. From the viewpoint of organizational work and practical politics, Cobden was unquestionably the leader. From the viewpoint of developing and expressing a complete and consistent philosophy of freedom in general, Bastiat was unquestionably superior to Cobden. The two men complemented each other ideally.

After considerable study of the careers and works of these two free trade leaders in England and France, I have been unable to find any important idea on which they were in disagreement. Apparently, Cobden even endorsed the erroneous concept of *value* advanced by Bastiat in his *Economic Harmonies* of 1850. "Recently, R. Cobden has highly placed *Harmonies* alongside of the immortal book of Adam Smith."⁵ And when P. Paillottet consulted Cobden (in 1860 or 1861) as to which of Bastiat's works should be preserved in permanent book form, he replied, "I would not leave out a single line."⁶

In 1860, Cobden gave a similar but more complete answer to an inquiry by the translator of Bastiat's *Harmonies* for an appraisal of Bastiat's works. "My enthusiasm for Bastiat, founded as much on a love of his personal qualities as on an admiration for his genius, dates back nearly twenty years; I need not, therefore, express any astonishment at the warmth with which you speak of his productions. They are doing their work silently but effectually. Mr. Guillaumin tells me the sale of the last edition has been steady and continuous, and a new one is now in hand. The works of Bastiat, which are selling not only in France, but throughout Europe, are gradually teaching those who by their commanding talents are capable of becoming the teachers of others; for Bastiat speaks with the greatest force to the highest order of intel-

lects. At the same time, he is almost the only Political Economist whose style is brilliant and fascinating, whilst his irresistible logic is relieved by sallies of wit and humor which make his *Sophisms* as amusing as a novel. No critic who has read Bastiat will dare to apply again to Political Economy the sarcastic epithet of the 'dreary science.' His fame is so well established that I think it would be presumptuous to do anything to increase it by any other means than the silent but certain dissemination of his works by the force of their own great merits."⁷

Cobden, in writing about the Paris Peace Conference of August, 1849, which both of them attended, said, "My first speech . . . cost me a good deal of time with the aid of Bastiat to write and prepare to read it. My good friend Bastiat has been two mornings with me in my room, translating and teaching, before eight o'clock."⁸ Bastiat also helped Cobden to prepare his remarks for the organizational banquet of the French Association for Free Trade in 1846.

From various letters of Bastiat, we also know that he and Cobden were together on at least two other occasions in France—and that Bastiat again visited Cobden in England in 1848 and 1849. The "semiofficial" nature of those two later visits by Bastiat (then a deputy) to England is discussed in a later chapter on his governmental career. There is no doubt whatever that Cobden's first and continuing contact with the French free trade movement (and with French public affairs in general) throughout the late 1840's was always through Bastiat. From 1845 onward, the two friends were constantly writing and visiting each other, suggesting persons that each should see, and consulting together on parliamentary and public strategy to accomplish their common goals of free trade and peace. While Cobden seldom quoted Bastiat directly in his parliamentary and other speeches on free trade, it is perhaps significant that after he met Bastiat, those speeches became progressively less "statistical" and more theoretical and philosophical. It is not permissible, however, to draw the conclusion that Bastiat was solely responsible for this; for, as we know, Cobden had always leaned strongly in that direction.

J. W. Welsford, who strongly disapproved of the ideas and philosophy of Cobden and Bastiat, once wrote a bitter article

entitled Cobden's *Foreign Teacher*.⁹ In it, he used such expressions as "after Bastiat had moulded his views" and "after his acquaintance with Bastiat, [Cobden's language] changed to that of a fanatic" and "the influence which Bastiat had acquired over Cobden" and so on.

Welsford's appraisal of Bastiat's influence over Cobden is probably as overly strong as the following by Morley is overly weak: "Cobden may well have had his own views strengthened and diversified by Bastiat's keen and active logic."¹⁰

While the evidence is clear that Bastiat had considerable influence on Cobden's general philosophy, it is even more clear that Cobden, in turn, exercised great influence over Bastiat in the area of free trade. For example, as we already know, Bastiat followed Cobden's work for more than two years before he wrote the article and book on "free trade in England" that were to bring him national recognition and acclaim. And as we shall see in the next chapter, Bastiat attempted to follow in France the same organizational procedure that Cobden developed in England.

In spite of Bastiat's many friendships and influence in Britain, however, it is here necessary to repeat that, while his ideas and appealing methods of presentation were enthusiastically approved by the English free traders, he played no significant part in the final repeal of the Corn Laws. It was the autumn rains of 1845—plus the six years of prior educational work by the League before the appearance of Bastiat—that determined the issue.

"It was the wettest autumn in the memory of man, and the rain came over the hills in a downpour that never ceased by day or night. It was the rain that rained away the Corn Laws."¹¹ The excessively wet weather brought with it a potato blight. As the autumn advanced, it became certain that the potato crop was a disastrous failure. The people of Ireland were soon actually starving, and the people of England only slightly less so. And still the Corn Laws restricted the importation of grain to stop mass starvation. The Anti-Corn-Law League, suddenly more popular than ever, threw itself into a frenzy of effort. The word "revolution" (at no time endorsed or encouraged in any way by the League) was heard on more than one occasion among the starving people.

On the last day of October, the Prime Minister called his

Cabinet into emergency session. Mr. Peel recommended "the suspension for a limited period of the restrictions on importation" of grain, and that Parliament be summoned for a full debate on the entire issue. His protectionist-minded Cabinet refused to support him. At that point, Lord John Russell, leader of the opposition, announced his full support for immediate and complete abolition of the Corn Laws.

That, in turn, caused the resignation of Sir Robert Peel. But since Russell himself was then unable to form a Cabinet, Peel again assumed leadership of the nation and continued with his original plan. Even though the Corn Laws remained in effect, they were temporarily suspended, and the government announced that a new bill on the subject would be presented for debate in Parliament in January of 1846.

A few days after Parliament was in formal session, Sir Robert proposed a drastically reduced tariff on the importation of grain during the following three years, with total repeal at the end of that period. While the debate was prolonged and heated—with the free traders demanding immediate and total repeal, and the protectionists battling for a continuation of the customary tariff—the conclusion was foregone. The League—aided by the potato blight and solidly supported by a hungry and aroused people—was triumphant. With the final reading of the bill in both Houses, it became law on June 25, 1846. Since the Corn Law was the mainstay of protection in general, tariffs on almost all other products soon followed suit. At the end of the three-year transitional period, it is true that an *ad valorem* tax of modest proportions remained on various products, including grain. And the tariff on "luxury items" (especially wine) was continued about as before. But in practical effect, Great Britain actually endorsed a policy of free trade in that bill.

Soon thereafter, Sir Robert, in Commons, paid generous credit to his former "enemy" who was now his good friend. "There is a name which ought to be associated with the success of these measures; it is not the name of the noble Lord [Russell, leader of the opposition], neither is it my name. Sir, the name which ought to be and will be associated with the success of these measures is the name of a man who, acting, I believe, from pure and disinterested motives, has advocated their cause with untiring energy, and by appeals to reason, expressed by an eloquence, the more to be admired because it

was unaffected and unadorned—the name which ought to be and will be associated with the success of these measures is the name of Richard Cobden. Without scruple, Sir, I attribute the success of these measures to him.”

Bastiat echoed that sentiment thusly, “I say that Cobden, not Peel, is responsible for the triumph of free trade in England; for the apostle has always caused the statesman to appear and act, while the man of state has never been able to make the apostle appear.”¹² (Perhaps that idea and its similar results for free trade in France can also be applied to the relationship between “apostle” Bastiat and “statesman” Chevalier that will be related in a later chapter.)

When the three-year transitional period from mercantilism to free trade was ended in Great Britain, the now-inactive League held a banquet in London to celebrate the end of its successful labors. The Chairman dispatched a special invitation to Bastiat: “The prominent part you have taken in your own country in the advancement of the principles of Commercial Freedom, and the warm sympathy you have manifested in our movement, have induced the Committee to direct me respectfully to invite you to be present as a Guest.” But because of pressing legislative duties, Bastiat was unable to attend.

According to Raymond Leslie Buell in *Fortune* magazine (supplement, May, 1942): “As a result [of free trade] Great Britain now entered into its greatest period of prosperity, which lasted, except for cyclical interruptions, until World War I. Total tonnage entering and leaving British ports rose from 14,300,000 in 1847 to 58,700,000 in 1880. . . . The British workers profited as much as the employers. . . . The world witnessed a vast movement of peoples in which more than fifty million emigrants left Europe for the New World, while the population of Europe itself more than doubled. Although reinvesting part of its foreign earnings, Britain did not hesitate to accept imports in return for its exports and interest due. Britain balanced its international books through a roundabout system of transfers cutting across a dozen countries. Britain welcomed an ‘unfavorable’ trade balance. Throughout the British colonies, the Open Door or equality of treatment was largely the rule. Britain allowed a German or other foreign merchant to trade on the same basis as an

Englishman, thus reducing any economic justification for seizing British territory."

During the 68 years between the repeal of the Corn Laws and the beginning of World War I, both the population and the per capita level of living more than doubled in Great Britain. Toward the end of the nineteenth century, the *Encyclopaedia Britannica* (ninth edition) reported: "The benefits of free trade experienced during the last thirty years are so generally admitted, that the advocacy of the exploded theory of protection is looked upon as a harmless whim which has no chance of popularity."

7

Free Trade in France, 1845-46

As we have already seen (and will see even more in two other chapters), Bastiat's reputation and influence were truly international. But, of course, his main work was in France. This chapter is devoted primarily to a most important part of that work—Bastiat's organization of the formal free trade movement in his own country.

After the success of his first article in the *Journal des Economistes* in late 1844, Bastiat declined all invitations to come to Paris, and stayed in Mugron to complete his book on Cobden and the League. Meanwhile, he also wrote other articles for that journal. His second one appeared in February of 1845. In the following April issue, the first of his famous "economic sophisms" was published as an article therein. In fact, throughout the four years of 1845-48, Bastiat was a constant contributor to the *Journal des Economistes*. During the last two years of his life, 1849-50, he continued to contribute, but on a reduced scale.

When Bastiat finally went to Paris in May of 1845 for the publication of his book, "he was received with open arms." Guillaumin, the publisher of his book (as well as the publisher of the *Journal des Economistes*), was his host. Bastiat's letters to his friend Coudroy supply the details of his reception and his obvious pleasure and excitement. In one of them, he gives an account of the dinner given in his honor by his publisher, Guillaumin, "the first *economist* that I have ever personally seen." Among those present were Dunoyer, Passy, Say (the son), Dussard, Reybaud, Daire, Monjean, Garnier, and others. "Every one of those gentlemen had read

and understood my three articles Dunoyer asked me to write an article about his book for publication in the *Debats*."

At another dinner given in his honor by Dunoyer, he met Wolowski, Villermé, de Tracy, Blaise, Hippolyte Comte, and others. "It is certain that I can have the editorship of the *Journal des Economistes*. . . . Say wants me to have all the papers of his father." And Dunoyer, Say, and several others discussed with Bastiat the possibility of establishing for him "a chair in political economy at the University." (Much to Bastiat's regret that professorship was never forthcoming. And at a later date, he wrote, "I now wish that I had accepted the editorship of the *Journal des Economistes*.")

After that heady reception by the French economists, and upon the publication of his book, we already know that Bastiat went to England for another warm reception by the Manchester group. Then he returned to Mugron and his customary life of studying and writing for a few more months.

Here are two brief physical descriptions of Bastiat by men who met him on that first trip to Paris. Both became friends and colleagues.

G. de Molinari: "With his long hair, his small hat, his large frock coat, and his family umbrella, he could have been easily mistaken for an honest peasant who had come to Paris for the first time to see the sights of the city."

Louis Reybaud: "I remember, as if it were yesterday, the impression he produced. He was a typical example of the provincial scholar, simple in his manner and plain in his attire. But under that country costume and good-natured attitude, there was a natural dignity of deportment and flashes of a keen intelligence, and one quickly discovered an honest heart and a generous soul. His eyes, especially, were lighted up with singular brightness and fire. His emaciated features and flushed complexion betrayed already the presence of the disease [tuberculosis] that was destined to kill him in a few years. His voice was hollow and in marked contrast to the vivacity of his ideas and the quickness of his gestures. . . . He never thought of how many days he had to live, but of how he might employ them well."

Bastiat's solitude at Mugron did not last for long. The success of his *Cobden and the League* was such that he was made a corresponding member of the Academy of Moral and

Political Science. And the book did something far more important than that. It made known to the economists of France the facts of the economic question that was being debated so heatedly in a country that was within sight of their own shores. It is almost unbelievable that they were unfamiliar with the free trade movement in Great Britain before Bastiat's article in 1844 and his book in 1845, but the facts support the truth of the statement.

In no issue of the *Journal des Economistes* before Bastiat's article was there any mention whatever of Cobden and the Anti-Corn-Law League. The question of *free trade* was never discussed in its pages. The reason that Bastiat's article (and later, his book) created such a sensation in France was primarily because it was actually *news* to its readers. Arnaune said, "It was Frederic Bastiat who made known in France the Manchester League."¹ Molinari was of the opinion that, while the existence of the League was perhaps not unknown in France before Bastiat, "at least its importance was completely misunderstood."² Dunham stated flatly that "Bastiat made known to France the work of the Anti-Corn-Law League."³ Soon after the appearance of Bastiat's article and book, it seemed that almost all of the French economists wanted to publish an article on the same subject. The theme appeared in almost every issue of the *Journal des Economistes* for the following six years, first by one writer and then by another.

As a result of Bastiat's book and the resulting interest in the subject, the French Society of Economists dispatched the following statement to the Anti-Corn-Law League in January of 1846: "The Society of Economists has voted . . . to endorse completely the doctrine of free trade." It was signed by Horace Say, Charles Dunoyer, and Joseph Garnier.⁴

Bastiat's first book of *Economic Sophisms* appeared late in 1845. It was a tremendous success, and the edition was quickly sold out. It was soon translated into English and Italian.⁵

Bastiat's two books, plus his continuing articles in the *Journal des Economistes*, quickly spread his name and influence among the intelligentsia of France. We have already noted the names of many of them, and we will encounter many more—including Alphonse de Lamartine, head of the Provisional Government of France in 1848. Their relationship is here summarized.

Bastiat's influence over Lamartine began with his second article to the *Journal des Economistes* (February, 1845), which was an "answer" to a previous article by Lamartine in which he advanced the thesis that the government is obligated to supply jobs to all persons who are willing and able to work. Bastiat's answer was an analysis of the many dangers inherent in that socialist philosophy of the alleged right of every person to a government-guaranteed job. Lamartine immediately wrote Bastiat a personal letter in which he admitted the validity of many of Bastiat's points.⁶

In the *Journal des Economistes* for October, 1846, Bastiat again wrote an "open letter" questioning certain of Lamartine's social views. While he used Lamartine's own words to show the inherent contradictions in various of his economic statements, Bastiat was at his diplomatic best in that article. He ended it with a flattering appeal to Lamartine to use his great name and influence to help convince the French people of the evils of monopoly. Soon thereafter, Bastiat and Lamartine became good friends as well as collaborators in the campaign for free trade and freedom in general. In fact, Lamartine shared the platform with him at Marseilles on August 20, 1847 when Bastiat gave a long discourse before the free trade association there. When he finished his address to the "more than 1,000 persons," Lamartine followed him with a complete endorsement of Bastiat's principles of free trade and the free market in general. He concluded his remarks with a personal tribute to Bastiat. Among the many flattering things he said was, "In the future, you will place his name beside that of Cobden."

At a later date, Bastiat wrote, "Several of my friends were all-powerful [in the February Revolution]. Among others, Mr. Lamartine, who had written me several days before, 'If ever the storm carries me to Power, you will help me carry out our ideas.' I could easily have had a high position in that government; I never even gave it a thought."⁷ Perhaps that letter was a follow-up to the conversation between the two friends at a private dinner "at the home of Mr. Lamartine" a few days before the revolution.⁸

At the beginning of 1846, Bastiat finally found the opportunity he had apparently been waiting for—the chance to launch the formal organization of a free trade movement in France.

Toward the end of 1845, the Chamber of Commerce of Bordeaux decided to campaign for a customs union between France and Belgium. Not surprisingly, they invited Bastiat to help them. While it wasn't exactly a movement for free trade, at least it was a step in that direction. So Bastiat happily accepted—and immediately wrote a series of articles for the *Memorial Bordelais*, in which he explained why the proposed association should be *for free trade* instead of merely for a customs union with one country. He also made several public speeches on the issue, and discussed the project in private with the leading merchants of that city. In due course, he persuaded them to his viewpoint and personally wrote the constitution for the new organization. On February 23, 1846, the Bordeaux Association for Free Trade came into formal existence, with the mayor of the city, Duffour-Dubergie, as president. Bastiat said of his handiwork, "Our League is born. . . . The destiny of the League will always depend on the spirit of its founders. . . . Our League has only one objective: Free trade." It was the first organization of its kind ever known in France.

In a letter to Cobden at a later date, Bastiat developed the above idea of "esprit" still further: "Rather than the fact of free trade alone, I desire for my country the general philosophy of free trade. While free trade itself will bring more material wealth to us, the acceptance of the general philosophy that underlies free trade will inspire all needed reforms."

Bastiat attempted to follow in France much the same procedure that Cobden had developed in England. The Anti-Corn-Law League was formed in a "provincial" town, Manchester. Next, a national association was established in London. Then member and affiliated associations were organized throughout Great Britain.

In France, the first free trade association was formed in a "provincial" town, Bordeaux. Then Bastiat hurried to Paris to form a national association. And in due course, affiliated free trade associations were organized in other French cities. Other similarities will be noted later—public meetings, petitions to the legislature, the introducing of free trade bills in the legislature by friendly deputies, pamphlets, a weekly newspaper, speaking engagements around the nation, and so on.

If Cobden's early advice to Bastiat had been followed, there would have been little similarity between the French and English methods for the political implementation of free trade. In one of his letters to Cobden, Bastiat acknowledged, "I have not forgotten the advice you gave me that the free trade movement, which was formed on a broad base in England and forced upon the legislature, must in France start with the legislators and be imposed on the people." Bastiat made approving references to that idea in other places. He believed it in his head, but not in his heart. Instinctively, Bastiat wanted to write for (and to talk to) the people. The *style* of his writing was that of a publicist. His speeches were designed for popular consumption. While he naturally and actively sought the approval of the legislators and intelligentsia of France, it was secondary to his desire for mass approval and the mass approach. As we shall see in another chapter, it was Bastiat's friend and colleague, Michel Chevalier, who so effectively followed Cobden's advice to work through the leaders of France and to avoid any mass appeal to Frenchmen in general on the subject of commercial freedom.

Throughout the spring of 1846, Bastiat devoted his full time to the slow (and usually discouraging) task of organizing the free trade association in Paris. His letters to his friend Coudroy during that period offer some details. "Here are the names of some of the members: d'Harcourt, Pavee de Vendevre, Admiral Grivel, Anisson-Duperron, and Vincens Saint-Laurent, peers of France. Lamartine, Lafarelle, Busieres, Lherbette, de Courcelles, and several other deputies. Michel Chevalier, Blanqui, Wolowski, Leon Faucher, and other economists. Cheuvreux, d'Eichthal, Say, and other bankers and merchants. . . . Recently we had a meeting composed mostly of bankers and merchants of Paris, at which I spoke for half an hour. The other speakers were more brilliant than I. We will have a similar meeting next week. Meanwhile, I will try to agitate in the Latin Quarter."

In addition to the above persons, Bastiat also found much sympathy for his objectives among others who did not choose to associate themselves formally with the free trade association. He mentioned the "friendship of Arago, Beranger, Lamennais, Rothschild, and the Duke of Broglie."

On May 4, he wrote: "Yesterday evening, we discussed and

adopted a Declaration of Principles. The discussion was most serious, interesting, and profound; the participants were attempting not only to educate others but to increase their own understanding of the subject. The executive powers were given to a committee composed of d'Harcourt, Say, Dunoyer, Renouard, Blanqui, Leon Faucher, Anisson-Duperron, and me. Then, in effect, the committee transferred its authority to me as director."

Throughout this period, he sent similar reports to his friend Cobden. And in return, Cobden wrote him several letters of encouragement and advice. Bastiat stressed this favorable development in one of those letters. "Unquestionably, we are making progress. Six months ago, we didn't have even one newspaper for us. Today we have five in Paris, three in Bordeaux, two in Marseilles, one in Le Havre, and two in Bayonne." In another letter, he wrote to Cobden about the necessity of a journal to be published by the Association itself: "You tell me that a journal must be the result of the Association. But I am convinced that, to a considerable extent, the Association will be the result of the journal. Thus I plan to start a weekly newspaper entitled *Le Libre-Echange*." (*Free Trade*)

Along about this time, however, a totally unexpected complication arose. "In order to propagandize its philosophy publicly, the Association had to have the permission of government. Often promised, that authorization was always postponed. Some mysterious influence stopped the hand of the minister everytime he was ready to sign it."⁹ Bastiat suggested that the delay was due to the government's fear of the ire of the manufacturers who were the leading advocates of the protectionist policy.

Since the Association could not begin its public work until it had the approval of the government, Bastiat left the problem in the hands of his colleagues who lived in Paris and returned to Mugron in late June. He was working again with the Bordeaux free trade group when the government's permission was finally secured, on or near July 20. (Bastiat suggests that a letter he wrote to the minister, Duchatel, may have been responsible for finally securing that governmental "authorization that so many famous persons had been trying to get for the past three months.") At any rate, Bastiat hur-

ried back to Paris, and the Association's Declaration of Principles was released. (While the Declaration was actually released at the end of July, the official date of the founding of the organization is given as May 10, 1846.)

Among other things, the Declaration stated that "freedom to trade is a natural right, just like the right to own property. Everyone who has made or acquired a product must have the option of using it immediately for himself or exchanging it with anyone on earth who will offer him in exchange for it some other product or service he would rather have. To deprive any person of that right, when he is not disturbing the public order or morals, is to plunder him legally. . . . The Association has as its objective the complete abolition of the present protective system." (Obviously, this was written by Bastiat.)

The Declaration also pointed out two of the primary blessings that the Association believed would result from free trade—that is, general prosperity and the abolition of a chief cause of wars. The Association would support a flat *ad valorem* tax, but not a tariff, on imports. The methods of the Association would be peaceful, educational, and in harmony with the laws of France. The Association would be nonpolitical and would not be at the service of any special interest. It was anticipated that the chief beneficiary of the Association's work would be the general consumer. "The Association embraces the cause of eternal justice, of peace, of union, of free communication of ideas, of fraternity among men. In short, it embraces the cause of the general interest."

On August 18, the French Free Trade Association gave a dinner for a distinguished visitor from England, Richard Cobden. That occasion has sometimes been referred to as the Association's "organizational dinner." As was to be expected, the general theme of the speeches and toasts concerned the recent victory in England and the coming victory in France. Bastiat was one of the seven members who proposed a toast to their guest.

The first public meeting of the French free traders was held at the Montesquieu Hall on August 28 "under the presidency of the Duke d'Harcourt . . . and Bastiat, secretary-general of the Association." The audience was composed mostly of peers

of France, legislators, and leading figures from commerce and industry. Bastiat did not speak at that one, but he was among the five speakers at the second public meeting at the same place on September 29. His remarks were the only ones published by any of the newspapers. The third meeting (the first one open to the general public on a first-come, first-served basis) was held on November 24. "Montesquieu Hall was filled, and many people had to be turned away." Almost 2,000 jammed themselves into the hall. The fourth meeting, again for the general public, was equally successful.

In September, a free trade association was formed at Marseilles; it affiliated itself with the national association at Paris. Bordeaux, of course, had been associated with the national organization from the beginning. Soon thereafter, the association at Lyons also affiliated. "Le Havre," wrote Bastiat, "while completely in sympathy with our views, refused to join the national organization." In October, Bastiat had gone to Le Havre to assist in the formation of that group. While Bastiat himself was fully recognized by the merchants of Le Havre as the founder and leader of the free trade movement in France, they still refused to subscribe to leadership from Paris. No reasons were offered by Bastiat or other available sources for the decision of that group to remain independent from the national organization.

While there were hundreds of individuals (and a few small groups) in various towns and cities throughout France who subscribed to the principles of the Association, the above cities (plus Paris, of course) were the only ones in the nation that ever supported an active branch or related organization.

Throughout its brief history, the Association lacked both money and personnel. That explains this extract from Bastiat's letter to his friend Coudroy in October of 1846. "My friend, I am not only the Association, I am the Association entirely. While I have zealous and devoted collaborators, they are interested only in speaking and writing. As for the organization and administration of this vast machine, I am alone."

On November 29, 1846, occurred the event that Bastiat had so long desired: the first issue of the Association's weekly newspaper, *Le Libre-Echange*, was printed. The editor was Frederic Bastiat.

The second issue of that journal on December 6 gave the

details of the formal change of the "provisional administrative council" of the Association to the permanent council. About 400 members were assembled in Montesquieu Hall for the election. The results were, of course, a foregone conclusion; the temporary group of original founders were made permanent, plus a few additions to their number. The Duke d'Harcourt continued as president. Bastiat remained as secretary-general. Adolphe d'Eichthal (Governor of the Bank of France and a deputy) retained his position as treasurer. The Administrative Council was composed of the three men above, plus an impressive list of legislators, professors, economists, manufacturers, peers, and merchants. As assistant secretaries to help Bastiat, the following six men were elected: Joseph Garnier, Coquelin, Fonteyraud, Molinari, Guillaumin, and Blaise.

Thus, at the end of 1846, the French Free Trade Association was fully organized and in active operation. In his newspaper on December 20, Bastiat restated its objectives and principles in words that could not possibly be misunderstood: "Free trade! It is a phrase that will level the mountains. . . . Do you imagine that we have organized ourselves in order to get some small reduction in tariffs? Never. We demand for all of our fellow citizens, not only freedom to work but also freedom to exchange the fruits of their work."

Bastiat had finally succeeded in changing free trade from an academic question to one of practical politics in France. That free trade group was now ready for its second year, 1847, in which it was to reach the high point of its brief career as a formal organization.

In passing, it should be noted that there was also an anti-free-trade organization in France during this period. It was founded in 1842 by Mimerel, a cotton manufacturer from Roubaix. It was called the Committee for the Defense of National Work. Its activities were directed primarily against the 1842 Treaty of Commerce with Belgium and the proposed customs union with that nation. Its newspaper was the *Moniteur industriel*, which was so often the object of Bastiat's scorn. Led by Mimerel, Odier, Lebeuf, and Perier, that protectionist organization increased both its political and public activities in 1846 to meet the new threat offered by the free trade movement related above. (In one of his newspaper

articles, Bastiat pointed out that those protectionists defended "freedom" by petitioning the government to forbid even the *discussion* of free trade!)

I am convinced, however, that the free trade movement in France would have suffered the same fate even if the Committee for the Defense of National Work had never existed. The varied and deeply-rooted reasons for the slow progress of the free trade philosophy in France will be discussed in the following chapter.

8

Free Trade in France and Europe, 1847-48

The influence of Bastiat (both through his writings and the free trade association he founded) quickly spread beyond the borders of his own country. In a previous chapter concerning his relationship with the leader of the free trade movement in Great Britain, it was noted that the work of Cobden and his colleagues had surely inspired Bastiat to attempt a similar campaign in France. The free trade movements in other European nations, however, were perhaps inspired more by Bastiat and the French group than by Cobden and the Manchester group. A case in point is the acknowledgment that appeared in the first issue of *Contemporaneo*, the journal of the Italian free traders who had entered the fray in September of 1846:

“A luminous idea that contains the seeds of a genuine social innovation has recently arisen at Bordeaux. [That reference is, of course, to the first free trade association founded by Bastiat]. . . . In giving priority to the Bordeaux Association, we do not wish to do an injustice to the prior example of the English League against the Corn Laws. But the British Association has declared war against only one of the evils in its own country, while the French Association has adopted a more general plan that encompasses the entire human race. It wishes to induce all nations to fraternize, and to invite everyone to the banquet of production and consumption.”¹ Among the many persons who permitted their names to be used as endorsers of that statement were Prince Louis Bonaparte,

Count Faustino san Severino, Count Gerhardo Fresci, Mancini (a lawyer), Raphael Busacca (a professor), and Sanguinetti.

Naturally, Bastiat did not regard the limited free trading area of the German states in the Zollverein (a sort of "European Common Market" of his day) as any real answer to freedom of commerce. And it is clear that he had considerable influence with his contemporaries in the German free trade association who were working to abolish completely the common tariff wall around those German states. For example, Lewis Haney, in his *History of Economic Thought*, said that "in Germany, a party was also formed between the years 1840 and 1850, opposing all interference of governments, and accepting Bastiat without reserve. Prominent members of this party were Prince-Smith, an Englishman by birth, J. Faucher, Victor Bohmert, and Max Wirth." Bastiat also exercised considerable influence on the liberal German economist, Hermann Schulze-Delitzsch, famous for his leadership in the cooperative movement of the nineteenth century. But perhaps the clearest evidence of Bastiat's influence on the German free trade movement is found in his correspondence with John Prince-Smith, the leading defender of free trade in Prussia in the late 1840's. Apparently, that correspondence continued over a period of two or so years. But the one letter here cited from Prince-Smith to Bastiat will suffice.²

"I hope that you will establish a 'school of economists' in Germany. . . . The friends to whom I have shown your book [*Economic Harmonies*] are enthusiastic about it. I promise you that it will be read eagerly by our best thinkers. . . . February 24 is the date set by the contract with the publisher to give your [translated] manuscript to the printer. . . . We hope to establish a formal league among the democratic parties and the free traders. . . . 'Bring Bastiat here,' a leader of the democrats said to me, 'and I promise to lead 10,000 men in a procession to celebrate his visit to our capital.' We shall see. We will prepare the way and, at a propitious moment, we will count on your arrival, for you are the man we need."

In summing up the first year's accomplishments of the French Association, Bastiat spoke of the free trade groups in other countries. "Without doubt, the ideas favorable to free communication among the people already existed in their

countries; but perhaps our example has contributed to putting them into action." Among other nations, that comment was doubtless intended to apply also to the Belgian association for commercial freedom that was formed in Brussels *after* the founding of the first French association in Bordeaux. At any rate, Bastiat was continually printing in his newspaper, *Le Libre-Echange*, various correspondence and proceedings from the Belgian group. And one of his favorite themes in his books and articles was the utter absurdity of a tariff boundary between France and Belgium. Due to the common language and the past relationships between those two countries, Bastiat's works were probably almost as well known in Belgium as in France.

Apparently, the entire leadership of the French Association was invited to the International Congress of Economists—"the first of its kind in modern Europe"—sponsored by the Belgian Free Trade Association, at Brussels, September 16-18, 1847. While Bastiat was unable to attend, 17 of his colleagues were among the 158 delegates from France, Belgium, Holland, England, Denmark, Sweden, Spain, Italy, Ireland, United States, Poland, and Germany. The entire proceedings of that Congress were printed by Bastiat in supplements to *Le Libre-Echange* for September 19 and 26. Judging from the speeches and discussions, it would seem that the *natural* leadership came from the French group—especially from Dunoyer, Wolowski, and Blanqui. In his opening remarks, the president of the Belgian Association (and of the Congress), Charles de Brouckere, referred to "Frederic Bastiat, the zealous apostle of our doctrines," and announced to the delegates the availability of copies of Bastiat's Marseilles speech of August 20. Bastiat's correspondent and admirer, Prince-Smith, leader of the Prussian delegation, also took a prominent part in the proceedings.

In Bastiat's collected works, no letters to or from persons in Spain are to be found. But it has been noted previously that various of Bastiat's works were translated into four languages, including Spanish. We know from chapter two that Bastiat also spoke Spanish and traveled in Spain. We know that, as a young man, he worked for several years in the family business at Bayonne that was engaged in trade with Spain. We know that the subject of several of his articles and

stories was Spanish tariffs. We know that the masthead of *Le Libre-Echange* carried three office locations—Paris, London, and Madrid. We know that the Cadiz association for free trade (and its journal) came into existence several months after the founding of the French Association by Bastiat.³ While such circumstantial evidence is not, of course, conclusive, it seems logical to assume that Bastiat's influence for free trade also extended to some considerable extent into Spain during his lifetime. Certainly it can be accepted that Bastiat's close colleague, G. de Molinari, knew the facts when he reported in his *Journal des Economistes* article on Bastiat's career and influence that "the free trade agitation in France crossed the border—into Belgium, Italy, Spain, and even into Sweden."

Bastiat's influence in Sweden is further confirmed by a personal letter to me from the economist, F. A. Harper, who has made an extensive study of economic conditions in that country. In his 1959 letter, after discussing various details and reasons for Sweden's "economic golden age" from 1861 to 1913, Harper stated that "Bastiat's influence came to Sweden primarily in this way: A Swedish gentleman by the name of Johan August Gripenstedt, on one of his visits to France, made the acquaintance of Bastiat and established a friendship founded on deep admiration. Gripenstedt became a top political leader in Sweden, using in his political speeches lines of reasoning quite clearly identified with Bastiat. Gripenstedt managed by 1870 'to do away with all prohibitions against imports or exports, to abolish all export duties, to reduce the import tariffs for manufactured goods, and to establish free trade in agricultural products.'"⁴

The editor of Bastiat's *Complete Works*, his colleague Fontenay, wrote in the introduction that "many outstanding economists—in England, Scotland, Italy, Spain, and other nations—honor him highly and teach his ideas."

J. H. Clapham has written that "Frederic Bastiat's *Economic Fallacies*, perhaps the best series of popular free trade arguments ever written, began to appear in 1845 and soon became the textbook for controversialists of his school throughout Europe."⁵

In 1849, Bastiat wrote in a letter that "yesterday a delegation of Americans gave me a translation of my works. . . . It is the same in Germany and Italy. True enough, all this is

confined within the narrow circle of professors; but it is in this manner that ideas make their entry into the world."

The evidence is clear and unquestionable that, *during his lifetime*, Bastiat's influence extended far beyond the borders of France. His continuing influence after his death (and still today) is summarized in the last chapter of this book. This chapter, however, is devoted primarily to tracing his activities and influence on the free trade movement in France in 1847-48.

The activities of the French Association during 1847 were mostly a continuation of the projects started in 1846. On February 27, the fifth public meeting was held in Montesquieu Hall, again to a full house. The sixth was held on March 30. The seventh did not occur until January 7, 1848, with Bastiat as a principal speaker. The last of these public meetings in Paris was held on March 15, 1848. At that time, the issue before the economists of France was internal socialism and communism instead of the *comparatively* mild issue of external free trade. Bastiat did not attend that one because he was on his way to Landes to campaign for the legislature.

The major activity of the French Free Trade Association during 1847 was the drafting of petitions to the government and the securing of mass signatures on them. Almost every issue of *Le Libre-Echange* during that year contained a reprint or notice of a petition to one or both of the Chambers for a reduction in the tariff on some specific article—grain, machinery, cotton, lumber, and so on. An article on the front page of the May 16 issue referred to six of them—from the associations at Paris, Marseilles, Bordeaux, and Le Havre (plus isolated groups at Metz and Valenciennes) "demanding free entry for agricultural products." The French petitions differed from the similar English petitions in two major respects. First, they were usually arguments for mere *reductions* of the tariff on various objects, rather than a demand for free trade. Second, the signatures were usually in the hundreds, instead of the millions as in England.

In a letter to his friend Coudroy early in 1847, Bastiat again voiced his complaint of the previous year. "All the affairs of our enterprise are left to me: journal, correspondence, organization." And in a letter to Cobden, he wrote: "I am asking the Council for another leave of absence. I will

use it to go to Lyons and Marseilles, in order to tighten the lines of our various associations that aren't working as harmoniously as I would like."

During early August of 1847, Bastiat made two long speeches at Lyons. And on August 24, he made another long speech at Marseilles. In all three speeches, he covered various aspects of his free trade philosophy that we have noted in previous chapters. All of those speeches were public and were well attended and received. On December 16, 1847, Bastiat made another lengthy speech to the members of the Library Association in Paris on the subject of free trade and property rights.

While Bastiat appeared to be almost totally responsible for the administration of the French free trade movement, several of his colleagues did yeoman service in the public speaking campaigns that lasted throughout 1847. That was especially true of Molinari. Meanwhile, the event that was to prove to be the high point of the movement was developing in the legislature.

As we know from the previous listing of the members of the Council of the Association, several of them were members of either the Chamber of Peers or the Chamber of Deputies. In addition, there were "several other" legislators who would not join the Association but were sympathetic to its aims. Those members and supporters in the legislature were working hard to secure by law what the general membership was advocating in public. That combined attack from inside and outside the government—aided by the distress resulting from the poor harvest in 1846—was beginning to have considerable effect on the attitude of Louis Philippe and his advisors concerning the continuation of prohibitions and high tariffs in general. For example, early in 1847, "The Chamber of Deputies has just voted for a temporary suspension of protection for agriculture. . . . Leon Faucher, Blanqui, Tesniere, Louis Reybaud, and Gustave de Baumont . . . the friends of commercial liberty, have rendered a service to their country."⁶

In the Chamber of Peers, Hippolyte Passy, the Duke d'Harcourt, Anisson-Duperron, and other members and supporters of the French Free Trade Association were also rendering excellent service to their cause. In the session of May 10, 1847, in that chamber, there was an extensive debate on a pro-

posal to reduce the duties on the importation of beef. At the end of the debate, the Minister of Agriculture and Commerce announced his refusal to consider the matter further. "The powerful reasons that caused the government to temporarily suspend the law against the importation of grain do not exist to the same degree in the case of beef."⁷ There were other similar debates in both chambers in 1847.

While the free traders were working hard for even a temporary lifting of the prohibitive laws and duties, what they were really after was, of course, a thorough and permanent revision in the general commercial policy. For a while, it looked as though they might get it. Early in 1847, "a bill to abolish 15 prohibitions and to place 298 of the 666 items of the tariff on the free list" was introduced in the Chamber of Deputies and was accepted by the government for consideration and report.⁸ The hopes of the free traders were running high indeed. The provisions of that bill, and various arguments presented for and against it, were discussed at length in *Le Libre-Echange* for April 18, 1847.

Dunham sums up the story in one sentence. Early in 1847, "the Guizot ministry introduced a comprehensive bill affecting nearly half the articles in the French tariff, but the report of the Chamber's committee, headed by Thiers and Casimir Perier, was so hostile that it was dubbed by Chevalier, 'a soliloquy by the private interests meditating among themselves,' and the committee took care to present its report so late in the session that there was no time for discussion."⁹

While it was not realized at the time, the free trade movement in France was finished. In his newspaper, *Le Libre-Echange*, for August 22, 1847, Bastiat offered a summary of the legislative session of 1847 in which he reviewed the disastrous fate of the tariff bill. At the same time, he held out great hopes for the success of free trade in the next session of the legislature. Two months previously, Bastiat had written of the probability of a campaign of "perhaps several years" as had been the case in Great Britain. But with the effectual suppression by the protectionist legislators of that proposed tariff revision bill, the fortunes and influence of the French Free Trade Association drifted steadily downhill.

In a letter to Cobden, November, 1847, Bastiat wrote: "My friend, I will not hide from you that I am discouraged by the

vacuum that surrounds us. Our adversaries are full of audacity and ardor. Our friends, on the contrary, have become discouraged and indifferent. What good does it do to be a thousand times right if we can't get anyone to listen? The tactics of the protectionists, concurred in by the newspapers, are to ignore us completely."

Most writers on this subject (both French and non-French) have automatically listed the Revolution of 1848 as a primary cause of the failure of the free trade movement in France. Several have offered it as *the* primary reason. But, in truth, the two events are unrelated. For all practical purposes, the free trade movement had already expired when the Revolution occurred. Even Bastiat himself had finally lost heart and had withdrawn from the editorship of *Le Libre-Echange*. A month before the February Revolution, he wrote his friend Coudroy: "I am not at all happy with our journal. It is feeble and pale, as is everything that comes from the Association." And on February 13, he wrote again: "There is a conspiracy of complete silence against us. It began with our newspaper. If I could have foreseen that, I would never have founded it. Reasons of health have forced me to abandon the editorship of the newspaper." While it is certainly true that Bastiat was not in the best of health, that reason for abandoning the struggle would appear to be merely a face-saving way to explain this action to his friend; for as we shall see, before the month was out, Bastiat dedicated himself completely to another struggle that was far more demanding of his time, talents, and energy—that of legislator and leader of the battle against national socialism.

No single reason can possibly account for the failure of the free trade movement in France. It was due to a combination of many circumstances. First of all, there was *no class of people* (like the manufacturers in England) who wanted free trade. The factories and companies of France were mostly family affairs, and were comparatively small and widely dispersed all over the nation. Their production methods were comparatively antiquated and inefficient. Both the owners and employees were in deadly fear of unrestricted competition with the large and modern and low cost industries of Britain.

Likewise, there was *no class enemy* in France (like the

large landowners in England) for the free traders to fight. Comparatively speaking, the land in France was held by widespread peasant ownership. They, too, feared the possibility of their markets being taken from them by a flood of products from the mass farming areas of the United States, Australia, and other countries. Thus, the manufacturers, workers, and farmers were united in their desire for protection.

Also, there was *no key tariff* in France, such as the tariff on wheat in Great Britain. When the Corn Laws were repealed in England, the abolition of the other tariffs followed automatically. But when the tariff on one item in France was lowered or repealed, it had no automatic effect whatever on tariffs in general. Thus, in France, the repeal of the tariff on each item demanded a separate campaign. That was an impossible and never-ending task.

Several writers on this subject have also attributed the failure partially to an inherent distrust and disinterest of most Frenchmen in abstract theory. For example, "To hope that the French, the people least likely to follow an abstract idea, would become enthusiastic over the theory of free trade—that they would follow it patiently, energetically, and to the end—was an illusion that events soon demonstrated."*

In short, public opinion was largely indifferent or mostly favorable to protection. Bastiat seemed well aware of that fact when he rejected a suggestion that the *form* of government was responsible for protection. "The obstacle to commercial liberty is not to be found in the forms of government, but in public opinion."

Louis Reybaud, a contemporary of Bastiat, advanced another reason for the failure of the free trade movement in the France of that time.¹¹ "Everything that England proposes is suspected by us, and we search for an ambush in every measure. In matters of trade, this is especially true. . . . Such

* This quotation also appeared in my doctoral thesis on Bastiat and free trade. During my oral defense of it, one of the examining professors said: "This erroneous accusation will astound and infuriate most of my French colleagues. I regret that you chose to include it." I am here leaving it in for two reasons. First, an intelligent and responsible Frenchman wrote it at the time of the event.¹⁰ Second, perhaps the incident will serve as a needed bit of humor in a book that, by its nature, is singularly lacking in it.

is the state of national opinion. And although intelligent men resist it, that opinion still prevails and manifests itself at every opportunity. Bastiat was well aware of this bias of public opinion. Thus he should have known that the moment was not opportune [for the organization of a free trade association in France]. Since England was agitating strongly for free trade at that time, Bastiat would have been well advised to delay, rather than to hasten, a similar movement in France that might appear to have been inspired by the example of England."

And true enough, Bastiat was aware of that handicap to his objective. In December of 1846, he wrote to Cobden, "This furor against England smothers our efforts and presents formidable obstacles. If this hatred of England were only a passing fashion, I would wait patiently until it passed. But it is deep-rooted and universal. . . . This blind passion, moreover, is ready-made for the protectionists and the political parties, and they use it in the most shameless manner."

The situation in France was entirely different from that in England. For example, in England, the cost of the tariff on food imports was borne primarily by the poor, and the benefits accrued almost entirely to the hereditary landed interests. The repeal of the Corn Laws was generally considered merely a needed measure to rectify a grave injustice of long standing, an injustice that had disappeared in France with the Revolution of 1789.¹²

Doubtless the various theories advanced above from various sources will all help to explain the failure of the free trade movement in France. Personally, I am inclined to believe that all of them can be summed up in the phrase "adverse public opinion." That explains why, during its first year of operation, the Paris Free Trade Association was able to collect in donations to its cause only 25,077 francs from 568 persons—ranging from one franc by Mr. Blot, "a worker," to 2,000 francs by Anisson-Duperron, "peer of France." No figure is given for the second year, but it was surely much less.

Nor is any figure available for either the number of copies of the Association's newspaper printed each week or the number of paid subscriptions to it. From the treasurer's report for 1846-47, we can know only that the income from sub-

scriptions fell short of the 1,000 franc weekly expenses of *Le Libre-Echange*, and that the difference was made up by support from the affiliated associations of Bordeaux, Marseilles, and Lyons, plus grants from the general treasury of the Paris association. It is highly unlikely that the regular weekly circulation of *Le Libre Echange* ever exceeded 2,500 copies. While that is only a guess, the available figures on general expenses and total income (and especially the "tone" of the treasurer's report) indicate that it is probably on the generous side.

The last issue of that journal appeared on April 16, 1848. Thus, since we already know that the final public meeting of the Association was held on March 15, 1848, the formal organization necessarily continued beyond the Revolution for two months or so. Apparently, it was never formally abolished; the organization merely continued the decline that had begun in the fall of the previous year—and after April of 1848, nothing more was heard of it. "To debate such modest questions as free trade was too commonplace for the socialists of the Revolution who aspired to nothing less than to remake society itself."¹³

When the unexpected Revolution of February 23, 1848 occurred, Bastiat was engaged in his permanent task of writing and his newly-acquired task of teaching. On February 13, 1848, he wrote: "I am giving a course to the law students. They aren't very numerous, but they are always there; the seed falls on good ground. I would like to write the lectures into book form, but probably I will leave only some unorganized notes." Actually, he had begun that informal and occasional lecturing to students on July 3, 1847. "Yesterday evening, a large group of young men, including almost the entire law school, met in an auditorium at number 12 Taranne Street to hear Mr. Frederic Bastiat who had proposed to lecture to all interested students on the general subject of free trade. . . . The audience followed his words with an attention that was most encouraging to the lecturer."¹⁴

In August of 1847, he said of his student lectures, "I will lecture to these young men not only on political economy but also on social economy. . . . I am convinced that these lectures . . . will prove to be effective work."

Apparently, the lectures were free, and were held in an

auditorium especially rented for the purpose by the free trade association. There is no record of the specific number of lectures or of the number of students who attended them. Bastiat's colleague, Molinari, merely stated that they began in the summer of 1847 and continued until the Revolution of February.

While we do not know the specific content of those lectures, we know that Bastiat dedicated his subsequent *Economic Harmonies* to "the youth of France." Since we also know that his lectures ranged far beyond the question of free trade, it is logical to suppose that many of his "harmonies" were first subjected to the minds of those students for discussion and clarification.

Bastiat did not participate in the February Revolution except as a noncombatant. The revolt came as a complete surprise to him. When the firing began, he immediately recruited two assistants and spent the entire night giving whatever medical aid he could to the wounded on both sides.

Two days later, he re-entered the field of public journalism. "Immediately, I saw the evilness of the subversive ideas that were soon to be concentrated at the Luxembourg Palace [the headquarters of the socialists and communists]. In order to fight them, I founded a journal, *La Republique francaise*." It was a throw-away single sheet devoted to the refutation of some specific socialist issue or promise. Probably no more than 12 issues were printed during the last days of February and the first days of March.¹⁵

At a still later date, June 15, 1848, after Bastiat had become a deputy in the new government, he entered the field of public journalism for the third time. "Convinced that it was not enough merely to vote, but that it was necessary to educate the masses, I founded another journal. I tried to write in simple, common-sense terms. In line with that objective, I named it *Jacques Bonhomme*."¹⁶ Like his *La Republique francaise*, this one was also a throw-away that was actually pasted on the walls of the various sections of Paris, mostly in the workers' quarters. And like its predecessor, each issue of that "newspaper" was also usually a single editorial against a major socialist proposal of the day. While no positive terminal date is available, that venture was also of short duration—probably no more than three or four weeks on, apparently, a daily basis.

In addition to his books and pamphlets—and the founding, editing, and managing of three journals—Bastiat also contributed frequent articles to a dozen or so other journals, plus two essays to the *Dictionary of Political Economy*. Also, Bastiat was continually writing letters to the editors of opposition journals. Sometimes those letters were printed, but usually not. (In that case, Bastiat himself usually printed them in his *Le Libre Echange*.) However, his letters (actually articles) to the opposition *Voix du Peuple* were all printed; for they were a part of that famous exchange of letters between Bastiat and the socialist Proudhon.¹⁷ At the time, both men were deputies. Certainly P. J. Proudhon was a leading socialist, and perhaps was *the leader* of the socialists. (Oddly enough, he is also sometimes referred to as “the father of anarchism.”)

At this point, I will digress from the narrative for a moment with this personal introduction to the irreconcilable difference between Bastiat and Proudhon. The reader should understand that, a hundred years or so ago, the intellectuals generally made a sharp distinction between an economist and a socialist. They were well aware that the phrase “socialist economist” is a contradiction in terms. Economics deals with consumer and producer choice in a market economy; socialism deals with the arbitrary edicts of officials in a controlled society. Economics is to socialism as astronomy is to astrology. Economists are scientists who search for cause and effect in their field, without prejudice. Socialists, without exception, have a preconceived notion of what a society of men *should* be. Thus, without exception, the socialists always advocate the use of the police powers to force men into their “ideal society.” Socialists are necessarily authoritarians.

The fact that the socialists decided to attack Bastiat, and that they themselves initiated the debate, indicates rather clearly that they considered him to be the chief advocate of the opposite of socialism, whatever one chooses to call it.

In the course of their 14 letters (each a long article in itself), Bastiat and Proudhon gave their respective viewpoints on money, credit, value, interest, labor, capital, rent, natural law, banking, transportation, profits, wages, corporations, government—in short, the whole field of political economy. And as could have been predicted easily in advance (due to

this irreconcilable difference between the points of reference for economists and socialists), each left the debate as he had entered it. Each was convinced of the total correctness of his own viewpoint and the total invalidity of his opponent's viewpoint.

On both sides, there was considerable name-calling. Proudhon was unquestionably the winner in that department when he said of Bastiat: "Your intelligence sleeps, or rather it has never been awake. . . . You are a man for whom logic does not exist. . . . You do not hear anything, you do not understand anything. . . . You lack the first requirement of intelligence—that is, attention. . . . You are without philosophy, without science, without humanity. . . . Your ability to reason, like your ability to pay attention and to make comparisons, is zero. . . . Scientifically, Mr. Bastiat, you are a dead man."¹⁸ In that one letter, Proudhon made at least 25 other critical references to Bastiat's intelligence.

In reality, of course, neither man was really trying to change the opinions of the other. Both were intelligent enough to understand fully that socialism and freedom in the market place are at opposite poles and cannot possibly be reconciled. Where one exists, the other must necessarily be absent. Proudhon did not deny this; in fact, he readily admitted that his program was based on controlling the actions of persons in their economic relationships. But, as usual, he claimed that the proposed controls over the people were for their own good. Thus each of the adversaries in the debate was merely using the other as a foil to advance his own ideas to their fellow legislators and the public in general. In fact, as soon as the correspondence was terminated (by Proudhon), each man rushed to publish the letters in booklet form. Both editions enjoyed a wide circulation. And, apparently, both men were equally pleased with their handiwork.

Bastiat was especially writing his "Proudhon letters" for the benefit of the workers who were the chief readers of the *Voix du Peuple*. After the completion of the debate with Proudhon in the columns of that journal, three workers ("selected by a group of their comrades") called on Bastiat to thank him for clarifying some points they had been discussing. "They were not at all converted to the idea of the necessity and utility of interest; but their faith in the opposite principle was severely shaken, and they continued to hold it

only because of their strong sympathies for Mr. Proudhon." They complimented Bastiat on his simple and vivid style of writing, and said of Proudhon, "It is too bad that he must so often use words and phrases so difficult to understand."¹⁹

All in all, Bastiat had reason to be pleased with the general reaction to his controversy with Proudhon. Surely it was of *some* value in the vital battle then raging against socialism and communism in France. We cannot know how much value, but perhaps it was considerable since Bastiat was then being read by all sections of French opinion—legislators, professors, and the general public.

Louis Reybaud, a contemporary of Bastiat in the free trade movement, has told how various members of that group immediately began fighting the larger issue of socialism after the February Revolution. He mentioned Michel Chevalier, Leon Faucher, Leonce de Lavergne, and Wolowski. "Bastiat came later."²⁰ But as we know, Bastiat was the *first* of that group to begin the fight against socialism "in spite of the dangers" with his *La Republique francaise* the day after the Revolution. The evidence is thus incontestable that the others followed the lead of Bastiat.

In a letter to his friend Coudroy in July of 1844, Bastiat said that he was asked by Laffitte, "member of the general council," to announce himself as a candidate for the Chamber of Deputies. Bastiat refused, for the simple reason that, in his opinion, he wouldn't be elected. But from his correspondence over the years—especially his letters to Cobden—there is no doubt that he wanted to be a deputy. In May of 1846, after Bastiat's name had become prominent on the national scene, he thought that he would be nominated; and he felt confident that he could win. He went so far as to write a long and involved "campaign platform" to his potential electors. It was mostly a preview of his ideas on the mechanical organization of government, which will be discussed in the following chapter. Evidently, his primary idea that deputies should not be ministers in the government was not appealing to the central committee. At any rate, he was not nominated.

Perhaps that episode taught him certain realities about politics. At any rate, in his short letter "to the electors of Landes" in March of 1848, Bastiat temporarily forgot his plan for reorganizing the government; he followed the safe route

of announcing himself firmly for the Republic, the laws, the workers, property, family, community, France, humanity, justice, liberty, equality, and fraternity—and against bureaucracy, bad fiscal policies, and communism. Shortly thereafter, he was able to write: “The central committee of the delegates met yesterday. . . . I answered their questions fully. And this morning, I learned that I received all of their votes except two.” In the April elections, he received 56,465 votes—the second highest of the six deputies from Landes. At long last, Bastiat was a deputy.

9

Bastiat as Legislator

While the free trade movement as such had ceased to exist in France when Bastiat began his legislative career, that hardly means he ceased to advocate freedom of commerce when he entered government service. Quite the contrary! True enough, the enemy was now socialism in general, rather than specific trade restrictions. But of Bastiat's five major speeches in the Assembly, two were dedicated primarily to freedom of commerce. A third one (on labor organizations) also contained a powerful argument for free trade. A fourth one (on taxation) was mostly a plea for a free market in both the domestic and foreign sales of wines. Only the fifth one (on the organization of government) made no reference to commercial freedom. (That one will receive special attention in this chapter.)

Bastiat's career as a deputy to both the Constituent and Legislative Assemblies during 1848-1850 has been strangely neglected by his biographers. Even Charles Gide, his famous countryman and admirer, dismissed it with this curt footnote: "He made little impression in the Assembly." It is difficult to reconcile that and similar statements with the fact that Bastiat was eight times elected vice-president of the powerful Finance Committee. In addition to holding that important post throughout his legislative career, he also served on the vital Budget Commission. And as we shall soon see, the central idea contained in Bastiat's proposed (and defeated) bill concerning a fundamental change in the organizational structure of government was written into the French (De Gaulle) Constitution of 1958.

It is true that every one of Bastiat's major proposals in the Assembly was defeated! But if that is to be the sole or primary test of influence, we might be led to the absurd conclusion that the influence of Socrates' ideas was settled by the poisoned cup.

According to the editor (Bourlouton) of the French *Parliamentary Encyclopedia* of 1889, "Bastiat exercised great influence in the deliberations of the Finance Committee."

In a letter to his friend Coudroy, Bastiat made a somewhat similar appraisal of himself: "I have devoted all my efforts to my work on the Finance Committee, and so far with considerable success."

Bastiat's friend and biographer, R. de Fontenay, said much the same thing: "He had great influence, but only within the Finance Committee itself."

In a letter to Cobden, Bastiat explained why he chose the Finance Committee over the other possibilities open to him: "It is to that committee that the important issues and plans finally come. . . . I must say that I have been agreeably surprised to find among our 60 members so many persons of good will. God grant that the spirit of our committee will spread throughout the Assembly, and from there to the public in general. Unfortunately, however, among the 15 important committees, ours is the only one that has accepted the ideas of peace and thrift."

Louis Reybaud, Member of the Institute, summed up Bastiat's work in the Finance Committee thusly: "He defended the true principles of credit, and helped to sweep away the multitude of projects then flooding the Assembly that involved some form of disguised plunder."

Thus we can logically assume that in the Finance Committee where he was so often the Acting President, Bastiat enjoyed great success in advancing his ideas for more economy in government, a balanced budget, less government spending, sound money and monetary policies, less and more equitable taxation, and the honoring of government promises and contracts. Thus, even though the Assembly rejected most of these same ideas when Bastiat presented them directly in debate, it still seems true that he necessarily exercised considerable influence in the daily activities of the Assembly, even though it was mostly behind the scenes. Perhaps it is significant that his fellow members of the Finance Committee continued to re-

elect him vice-president even when his health finally prevented him from attending the meetings.

Bastiat's actual voting record in the Assembly was mostly with the left. That fact caused considerable confusion to both his friends and enemies. For example, in a letter to his friend Domenger, he wrote: "Yesterday, I voted against the declaration of martial law. . . . Thus I voted again with the communists, but that's not my fault; one must base his vote on *for what* instead of *with whom*."

Even his socialist enemy, Proudhon, was puzzled by Bastiat's voting record. In the November 19, 1849, *Voix du Peuple*, Proudhon wrote: "While one cannot say that Bastiat is a socialist, at least he is more than a mere philanthropist. . . . He is devoted, body and soul, to the Republic, to liberty, to equality, to progress; he has clearly proved that devotion many times with his vote in the Assembly. But in spite of that, we list Mr. Bastiat among the men who oppose us."

His conservative constituents and friends in his electoral district were perturbed by the fact that he chose to "sit on the left" in the Assembly and to vote with the leftists so often. As one of several examples, they could not understand why their representative would vote for the *acquittal* of Louis Blanc (Bastiat's long-time socialist enemy) when the organizer of the National Workshops was tried by the Assembly for insurrection and conspiracy against the state. In a letter to Coudroy, Bastiat offered this revealing explanation of his action: "Even though a person believes deeply in something, he must not assume that the opposite belief is necessarily evil. . . . Thus the only thing I could do was to examine the evidence itself to see if Mr. Blanc was really guilty of *the fact* of conspiracy and insurrection. I do not believe that he was, and no one who reads his defense of his actions can believe him guilty either."

While, as usual, the vote went contrary to Bastiat's wishes, it would be absurd indeed to assume that the sentiment he expressed was without influence. The words and actions of the "victors" are now largely forgotten. But that philosophy of justice expressed by Bastiat will continue to live in the hearts and minds of all men of good will.

During the session of November 17, 1849, Bastiat spoke *against* the proposal before the Assembly to make industrial

unions illegal. And once again, he found himself with the minority. During that speech in favor of voluntary worker organizations, Bastiat managed to crowd into it various of his ideas on three different subjects—labor organizations, free trade, and the proper functions of government.¹

At the time of the speech, the reaction against the discredited National Workshops was so intense that the Assembly proposed to make it a crime for workers to organize for almost any purpose whatever. But Bastiat upheld the right of workers to organize and to bargain with their employers on wages and all other related issues—provided the organizations were voluntary, and the members did not commit a crime by resorting to intimidation or violence. Bastiat based his argument on the fundamental principle that is found throughout his works—that is, what is just (or unjust) for one man acting alone is also just (or unjust) for two or more men acting voluntarily together. That is a *natural* right or law that should never be prohibited by a legislative decree.

“Gentlemen,” he said to his fellow legislators, “an action that is innocent in itself does not become a crime merely because a number of men do it together. . . . If one man has the right to say to another, ‘I will work for you only under certain conditions,’ then even two thousand persons together have the same right; they have the right to agree to work or to refuse to work. That is a natural law that should also be legal. . . . Suppose I am before a prospective employer, and we are discussing the wages I am to get; I do not like what he offers me, and, without committing any violence of any description, I walk away—and you then accuse me of depriving the employer of his liberty because I won’t work for him! Unless you are careful, you will here endorse slavery under another name.” (From the left: “Well said!”)

Bastiat was not content merely to advance a theoretical argument; he also offered an (alleged) example of it in practice—and at the same time advanced a favorite argument for free trade. He explained to his fellow deputies that the issue now before them had been debated and settled several years before in England, with the workers gaining the legal right to form voluntary trade unions. “What were the results? . . . The members of those unions soon discovered that all of their organizational efforts were not able to increase wages.”

(A voice: "That's too bad.") Bastiat answered, "On the contrary, I say it was all to the good; those workers soon saw that the amount of their pay didn't depend on the employers but on other laws of social cooperation, and they said to themselves: 'Why doesn't our pay increase? The reason is simple: It is because we are prevented from working for the foreigner, or, at least, prevented from receiving in payment foreign wheat.' "*"

Bastiat then claimed that, as a result of freedom to trade and to organize in England, that country had escaped the revolutions that had shaken all of Europe. "That is an example to bring to our own country and to think about." (Applause from the left.)

"But," continued Bastiat, "if the Assembly follows the course now being contemplated, the workers will blame all their troubles on this law that forbids them to organize and to bargain with their employers. Suppose, however, that when the workers complain about their misfortune, the government could say, 'We do not prosecute you because you are organized; you are completely free. You have demanded an increase in pay; we have said nothing. You have acted in concert; we have said nothing. You have chosen to remain idle; we have said nothing. You have tried to persuade your fellow workers to do likewise; we have said nothing. But when you have threatened and used violence, we have hauled you before the judges.' When you treat the workers like that," concluded Bastiat to his fellow legislators, "each will bow his head in acknowledgment that he has been wrong and that justice in his nation is impartial and equal for all."

Once again, Bastiat found himself supporting a lost cause; the law against any form of worker organization was passed.

As has been noted previously, Bastiat was the leader of the "Optimist School" that believed that men ask only for equal treatment. His victorious opposition on this issue argued, however, that if the workers were permitted to organize voluntarily, they would not stop there, but would next demand laws for compulsory unions—and would use violence to en-

* The reader should remember that Bastiat was not here delivering a carefully prepared speech but was debating a proposed law in an unruly Chamber of Deputies.

force their demands for special privilege instead of equal treatment.

Be that as it may, Bastiat's friends and electors were becoming increasingly unhappy with their representative's support of "socialist measures." So, in his typical fashion, in April of 1849 Bastiat wrote them a long review of his legislative career and method of operation.

In explanation of his infrequent appearances as a speaker before the Assembly, he reminded his electors that he had a serious illness (tuberculosis) that had now affected his vocal cords, and that he could not make himself heard across the large room in which the deputies met. "Even so, I do not remain idle." Bastiat explained how, instead of speaking, he wrote pamphlets on the social and legislative issues of the day, and distributed them to both his fellow legislators and the public in general. In answer to the socialist program of Louis Blanc, he had written *Individualism and Fraternity*. When it appeared that the socialists would abolish private ownership of property, he had written *Property and Law*. On the issue of land rents, he had written *Property and Plunder*. In answer to the idea of compulsory fraternity, he had replied with his *Justice and Fraternity*. Against free credit, he had offered his *Capital and Rent*. On communism, he had drafted his brochure, *Protectionism and Communism*. On government intervention in the economy, he wrote *The State*. On government organization, he had offered his *Parliamentary Incompatibilities*. On the exchange function of money, he had written his *Accursed Money*. And he had explained the evils of deficit financing in his *Peace and Liberty*.

"Thus," wrote Bastiat to his electors, "to the full extent permitted by my health, I never miss an opportunity to fight the errors on which socialism and communism are based. . . . That is why I have voted sometimes with the left and sometimes with the right—with the left when it has defended Liberty and the Republic, with the right when it has defended order and security. And if one accuses me of a double alliance, I answer: I have not made an alliance with anyone; I have not joined either side. On each question, I have voted according to my own conscience."

For President of the Republic, Bastiat had supported General Cavaignac against Louis Napoleon, thus continuing his consistent record of being in the minority. "I had my reasons

[for preferring Cavaignac over Napoleon]; it was both my right and duty to express them.”

Bastiat concluded his lengthy letter to the electors of Landes with this forthright proposition: “If you decide to re-elect me, I promise to continue to follow the general instructions you gave me in April of 1848—that is, to maintain the Republic and to establish the foundations for national security. But if, due to the unfortunate and unsettled conditions of the past year, you have adopted other ideas and other hopes—if you wish to reach another goal and to try other methods—then I am not the man for you.”

It is evident that the electors of his Department were satisfied with Bastiat’s review of his legislative career, his working methods, and his reasons for voting as he did. A month later, they re-elected him. And true to his word, Bastiat continued to follow his own conscience.

Bastiat made two speeches on free trade during his legislative career. Both are here only briefly summarized, since his ideas on the subject have already been treated in other chapters. In the first speech, he was against a proposal of Randoing to subsidize the distressed cloth industry to encourage exports. Randoing had argued that such a subsidy would provide more business for the manufacturers and more jobs for the workers. And since the export subsidies and the additional taxes from the increased business would tend to offset each other, unemployment would disappear, and prosperity would return at no cost to anyone.

Bastiat explained the fallacy in that proposal in this way: We might as well give the money directly to the foreigners, with the stipulation that they use it to buy French cloth. That method would be much simpler, and would still accomplish the purpose desired by Randoing. And while we are about it, Bastiat continued, we can use the same method to increase business in all the other distressed industries in France. In short, said Bastiat, an export subsidy is merely a method of making a gift to foreign buyers to permit them to purchase French goods at prices below those that Frenchmen must pay at home.

And, continued Bastiat, it won’t even accomplish the announced purpose of creating more jobs. The taxes to pay the export subsidy must necessarily come from the people. Thus

the money that is given to some people is taken from other people. And thus the number of jobs created by the subsidy is offset by an equal number of jobs destroyed by the tax. The one result will automatically and necessarily follow the other.

Worse still, said Bastiat, most taxes come from the poorer classes, since the cheapest brands of wine, sugar, coffee, and similar products bear the highest proportional tax. Thus the very people who are supposed to be helped by Randoing's scheme are actually the ones who would be most hurt by it. Unless the money for the subsidy is to be supplied by some El Dorado, the plan will do more harm than good. In fact, said Bastiat, it is ideas such as this one that have brought us the trouble we are now trying to cure.

Bastiat's speech was followed by shouts of "Well said! Well said!" and Randoing's proposal was referred back to committee for further study.

The second of Bastiat's tariff speeches in the Assembly occurred during the session of January 11, 1849. A proposal had been made that the tariff on imported salt be increased because the cost of producing salt in France had now risen above the protection offered by the current tariff.

Bastiat offered the argument that the cause of the increased cost of producing salt in France was precisely the protection that had already been given to local industries against foreign competition. When the government confers a monopoly of any kind, said Bastiat, that legal grant itself becomes a sort of "fictitious capital" that acquires a market value just the same as real capital. In various ways, this new "capital" soon enters into the cost of production of the protected industry, and drives that cost up to the limit of the protection offered by the tariff. Thus the protected industry (in this case, the owners of the salt pits) soon returns to the legislature for another grant of more "fictitious capital" or tariff protection. Bastiat explained that an increase in the salt tariff would result in three things: more profits for the owners, less taxes for the treasury, and higher prices for the consumers. (The tariff was increased, but by a lesser amount than had been proposed originally.)

In late October or early November of 1849, Bastiat made a hurried and apparently somewhat secret trip to England on *unofficial* government business. While the details and the

specific nature of the visit are not available, we do know that it concerned the possibility of simultaneous reduction in armaments by France and England. The desirability of such a step had been the subject of several letters between Bastiat and Cobden *before* Bastiat became a deputy. Thereafter, since both men were representatives in their respective legislatures, their words and acts assumed increasing importance.

Cobden had first broached this subject of disarmament to Bastiat-the-deputy in a letter dated August 5, 1848.² And in October of that year, Bastiat went to England to discuss the idea in person with Cobden. A letter to his English friend, Schwabe, dated October 7, 1848, confirms both the visit and the subject. "The two days I spent with Mr. Cobden were most agreeable. . . . He said, and I agree, that we are closer to *disarmament* today than we were near to *free trade* when he founded the League."

But Bastiat's return visit for the same purpose in October or November of the following year was considerably more important and *apparently* had the concurrence of his government, although the visit was both secret and unofficial. In a letter to his close friend Domenger, dated November 13, 1849, Bastiat refers to his four-day visit to England during which he "saw only important men and discussed only important issues."

And there the incident ends, most unsatisfactorily. The subject is not even mentioned by any of Bastiat's biographers. Nor was I able to find any reference to the incident in any official source. The best I can say is that the unofficial conversations between the two friends (and others) on this subject of simultaneous arms reduction surely had the knowledge of both governments, and perhaps the acquiescence of both. Apparently, the procedure was somewhat similar to those personal and secret meetings that later occurred between Cobden and Chevalier prior to the Anglo-French Commercial Treaty of 1860 (Chapter 11). It is most unfortunate that the results of those secret disarmament discussions were not as productive as the results of those secret commercial conferences.

On December 12, 1849, Bastiat made the longest speech of his legislative career.³ And it is generally considered to have been his best one. It began with an issue dear to his heart—his belief that the tax on the wines of his own district

and other wine-growing areas of France was excessive, unequal, and ruinous.

"For example, a man on a drunken spree pays six francs for a bottle of Champagne. The poor worker, who needs the wine to maintain his strength for work [sic], pays only six sous for a bottle of ordinary wine. Yet each pays an equal amount in taxes. Thus it is impossible not to say that the tax on wines is unequal and monstrous." ("Well said!")

Bastiat then offered facts and figures to show that the wine industry from 1788 to 1850 had lagged far behind other industries in France. He showed how tariffs, taxes, and the "internal tariff" had especially hindered and discouraged the producing, selling, and consuming of wine. But, he said, perhaps worst of all had been the increases in both government controls and government employees to enforce those controls.

"I sometimes ask myself what has happened to my youthful friends and my college comrades. And can you guess the answer? Three out of four have found careers in government! And I am convinced that if you will ask the same question about your own friends, you will arrive at the same result." (Bursts of approving laughter from the left.)

As he had done before, Bastiat again pointed out that the indirect taxes favored in France tended to bear most heavily on the persons least able to pay them. The heaviest taxes, he claimed, were now on salt, wines, tobacco, and such. He then suggested to his fellow deputies that direct and proportional taxes, as in the United States, would be the most just and most desirable of all forms of taxation.

In speaking again of the growing host of government officials, Bastiat offered his ironic "Law of Bureaucracy": "I am a firm believer in the ideas of Malthus when it comes to bureaucrats. For their expansion in numbers and projects is fixed precisely by Malthus' principle that the size of the population is determined by the amount of available food. If we vote 800 million francs for government services, the bureaucrats will devour 800 million; if we give them two billion, they will immediately expand themselves and their projects up to the full amount." (Loud applause from all sides.)

He disagreed with the philosophy of "a great number of members on the left" who demand fewer taxes but more spending. "The financial theory I am here presenting to you

is this: Unless you are willing to give a great deal to the state, you cannot demand a great deal from the state.” (Agreement.)

He cautioned his fellow legislators not to encourage the people to expect the government to solve their problems. “It is imperative that we reject such ideas. We must act like men and say to ourselves: We are responsible for our own existence, and we accept that responsibility.” (“Well said! Well said!”)

“The trouble with France is that it is too much governed. . . . The necessary duties of government are few indeed: to preserve peace and order, to maintain the national security, to render equal justice to everyone, and to undertake a few public works of national importance—those, I believe, are the only essential functions of the national government.”

In his speech, Bastiat also suggested that the army was far too large. A “voice from the right” shouted at Bastiat: “But in June [when the workers of Paris armed themselves and rebelled against the government] you were not sorry to have the army!” Bastiat replied quickly: “You reproach me with the month of June. But I say that if we had not had such excessive armies, we would not have had the month of June.” (Prolonged laughter from the left. Continued agitation in general.)

In a more serious manner, Bastiat then continued. “I base that remark on this reasoning: If France had been properly governed—ideally governed—those disastrous days of June would never have occurred. . . . Be that as it may, the double supports of the system I am here discussing are liberty and peace. . . . We Frenchmen are so accustomed to excessive government that we are now incapable of even imagining the continuation of order and security with fewer regulations. I believe that it is precisely in this superabundance of government that you will find the cause of almost all of our troubles—the agitations and revolutions of which we are the sad witnesses and, sometimes, the victims.”

Bastiat concluded his remarks on the proper relationship between government and the people with this idea: Observe the conduct of the grape growers after a hailstorm that ruins their crops and vines. They weep, but they don’t blame the government; they know there is no connection. But when the

government itself induces the people to believe there is a connection between their misfortunes and government—that is, when the people are encouraged to turn to government to settle all of their problems for them—the basis for all revolutions (“perpetual revolutions”) is thereby established. For then the people expect the government to provide them with all of the material things they want. And when those things are not forthcoming, they resort to violence to get them. And why not—since the government itself has told them that these responsibilities belong to government rather than to them? “I am convinced that a revolution would not be possible if the only relationship between government and the people was to guarantee to them their liberty and security.” (“Well said! Well said!”)

The alleged purpose of Bastiat’s long discourse on the proper functions of government was to induce the deputies to reduce the tax on wines. The tax was continued as usual, and Bastiat’s record of always voting with the minority continued unbroken.

Perhaps the idea for which Bastiat should be most noted in France (but is not) is his concept of the proper *organization* of government. His general *philosophy* of government has been discussed to some extent by both its friends and enemies. But Bastiat’s proposal for an amendment to the Constitution to separate completely both the personnel and the functions of the administrative and legislative branches of government has received almost no attention—either pro or con. When one discovers that the recent French Constitution of 1958 is based on that idea, the oversight seems strange indeed!

This idea of “parliamentary incompatibilities” obsessed Bastiat perhaps as much as did the issue of free trade. In March of 1849, he wrote one of his famous pamphlets on that subject. But he had been advocating it since 1830. On March 10, 1849, he offered his idea to the Assembly in the form of a proposed amendment to the Constitution.

It seems to me, said Bastiat in defense of his proposal, that there is a fundamental incompatibility between the functions and purpose of the legislative and administrative branches of representative government. The confusion of the proper functions of these two branches of government in France leads to intrigues and coalitions, and is a primary reason for

our troubles.* The purpose of the legislature (and of deputies) should be to adopt good proposals advanced by the administration and to refuse to adopt bad proposals made by the administration. But since the deputies themselves may become members of the government, this primary function becomes confused, continued Bastiat. In fact, the desire of deputies to become ministers may cause them to vote against the proposals of the administration for purely political reasons. Such an arrangement is contrary to good government and the best interests of France; it tends toward confusion, corruption, intrigue, and even war. It also leads to unwise proposals by the administration itself because the ministers are well aware that they may be replaced at any moment unless they cater to the whims and prejudices of their fellow deputies. Under my proposal to separate legislative and administrative functions and personnel, said Bastiat, there may still be coalitions—but at least they will be based on principle rather than on personal ambitions.

After thus explaining and defending his proposal in considerable detail, Bastiat presented it to his fellow deputies in proper form for a specific decision. It created a sensation in the Assembly. A few spoke for it. A few spoke against it. But, according to the official record and subsequent reports from several sources, there was a general clamor for a vote on the issue. Apparently, general sentiment was in favor of Bastiat's idea for reorganizing government. But, on a technicality, the deputies who were then ministers in government managed to have the bill sent back to committee for further study. That maneuver caused the vote to be postponed for three days.

During that interval, "Bastiat's name was on every tongue," outside the Assembly as well as inside. The newspaper, *La Republique* commented: "The doctrines of the writer-economist are not our own. But we must admit that he has posed this question with all the clarity of a practical man, and that he has offered, in support of his amendment, reasons of extreme gravity, which have made a profound impression in

* True enough, this idea had actually been written into the short-lived French Constitution of 1791. But, apparently, the idea was then advanced mostly as a device to stop the King's ministers from sitting in (and dominating) the Assembly. That was an almost totally different purpose from the one advanced by Bastiat.

the Assembly. Mr. Bastiat is not a good public speaker; he hesitates, he gropes around, he searches for the correct expression and doesn't always find it. But if his thoughts liberate themselves laboriously, they finish by carrying the day, armed with conclusive arguments."⁴

During the session of March 13, Bastiat's proposal was returned to the Assembly for action. Bastiat spoke again for its adoption. He compared the current governmental system to a judge who is permitted to levy fines for his own profit. It is dangerous, he said, to tie together self-interest (the possibility of becoming a minister) and the proper functions of the legislature. He warned that orderly representative government in France would prove to be impossible under the present arrangement. "Let us respect the decisions of universal suffrage. Those whom it has chosen as representatives must *be* representatives, and *remain* representatives." And if they wish to hold any other position in government, they must first resign the commission they hold from the people.*

As previously noted in this chapter, Bastiat belonged to no party or faction; he was an independent. But the opponents of his proposal (especially the deputy-ministers and the President of the Assembly) did belong to parties and coalitions. During that three-day delay, they had been busy indeed. Thus, when Bastiat's amendment was finally put to the vote, it was easily defeated. But according to G. de Molinari, "If the deputies had been permitted to vote on it the day Bastiat proposed it, the proposition would have passed."⁵

Two days after the defeat of his amendment, Bastiat gave his own appraisal of the event in a letter to Coudroy. "When I began to speak, I didn't have six supporters; when I finished, I had the majority." Then Bastiat recounted the parliamentary maneuvering that returned his bill to committee, and the consequences of the delay. "Finally, I was again in the minority. . . . But it is certain that the idea I proposed will not be forgotten."

* Actually, as Bastiat clearly stated in his pamphlet on this issue, *Parliamentary Incompatibilities*, he was merely recommending that France adopt a fundamental principle on which the government of the United States was founded. "Like Washington, like Franklin, like the authors of the Constitution of the United States, I can see only a cause of much trouble and instability in permitting deputies (as deputies) to become also the ministers of government."

If Bastiat had been alive in 1958 (109 years after he proposed his constitutional amendment), he would have recognized an old friend in Article 23 of the new (De Gaulle) Constitution: "The office of member of the Government shall be incompatible with the exercise of any Parliamentary mandate. . . ."

That was, of course, the fundamental change that De Gaulle felt was necessary to bring stability and order to the unstable and disorganized French system of government of recent and past years.

And to some considerable extent, Bastiat would also have recognized the accomplishment in fact in 1958 of this *imaginary* speech he wrote in 1849 for an *imaginary* president of the Republic—a president who would be explaining to the deputies of the National Assembly why his proposed new Constitution should be drafted: "I will select my ministers outside of the Assembly. . . . My ministers will be directly responsible to me. They will report to the Assembly only when they are called there to answer questions from the deputies—questions that will be submitted in advance and at regular intervals. Thus you deputies will be entirely free and in an impartial atmosphere for drafting the laws. My government will not exercise any influence upon you in that respect. And you will not exercise upon the administration any influence in the execution of the laws. You should, of course, keep the over-all control, but the execution of the laws properly belongs to me."⁶

For some 20 months, Bastiat was to continue his combined legislative and editorial struggle for good government, for disarmament and international peace, for free trade at home and abroad, and *against* socialism in all of its many forms. Then "the plebiscite of December 10, 1849 brought to the forefront the name of Louis Napoleon Bonaparte. . . . After that date, Bastiat saw clearly that his political career was finished. . . . He refused to join the rest of the deputies when they went as a group to offer their best wishes to the 'citizen President.' "⁷

Bastiat's last appearance before the Assembly occurred two months later, on February 9, 1850. Strangely enough, Bastiat, as Acting President of the Finance Committee, asked the Assembly to approve a grant of 1,202,543 francs to support the government-subsidized "worker associations"—the type

of organization that represented the reverse of his philosophy.

Bastiat offered two reasons why his committee had voted the grant and why the Assembly should accept it. First, it was the last installment of five million francs that had been voted to those associations when they were established in 1848. (Bastiat had strongly opposed the plan when it was first presented.) Thus, said Bastiat, "the Assembly cannot refuse to fulfill its promise without compromising its honor." Second, continued Bastiat, those associations are well on their way to failure—with or without this final subsidy. But, asked Bastiat, suppose we refuse the grant? "Then if the associations fail, we won't be able to say for sure whether it is due to a bad principle of organization or to the bad faith of government."

Bastiat's recommendation was accepted. Thus his only "victory" in the Assembly was the securing of money to support a socialist project that he had opposed from the beginning! Shortly thereafter, Bastiat secured a leave of absence from which he never returned. During the spring of 1850, his health declined steadily. He spent the summer in the Pyrenees. In September, he returned to Paris to put his affairs in order. On September 10, he paid a final visit to his old friends in the Society of Political Economy and then began his journey to Rome in search of a cure for his tuberculosis. There was no cure. He died on December 24, 1850, and was buried in the Church of Saint Louis (French) in Rome.

Surely Bastiat's biographers have been wrong in generally discounting his influence among his fellow deputies in the Assembly. A major purpose of this chapter has been to place his legislative career in a more realistic light. Certainly, it was considerably more important than has heretofore been acknowledged. But when all is said and done, it is the *general philosophy* of Bastiat on government (before, during, and after his active career as a deputy) that is of most interest to us today. We have encountered that philosophy of government throughout this book. The following four extracts will serve to complete the picture.

The first is from his *Protectionism and Communism*: "I cannot conceive of a *collective right* that does not have its roots in the *individual right*. Thus, to know whether or not the state is legitimately invested with a right, we need only in-

quire if this right inheres in the individual . . . in the absence of all government. . . . Why has the government the right to guarantee, even by force, the possession by every citizen of his own property? Because this right pre-exists in the individual. One cannot challenge the individual person's *right to legitimate defense*, the right to use force if it is needed to repel attempts directed against his person and property. It is conceivable that this individual right, because it resides in all persons, may be delegated to a collective and legitimate *police power*.

"And why has not the state the right to equalize wealth? Because the process requires the robbing of some to gratify others. Since not one person among 30 million Frenchmen has the right to use force to take and equalize the property of others, it is difficult to see how they can delegate that non-existing right to the government."

The next two extracts are from Bastiat's major work, *Harmonies of Political Economy*. He dedicated that book to the "youth of France." And in his opening remarks to them, he identified the distinguishing characteristic of government and pointed out what it could legitimately and logically be used for. "We must remember that the state acts always through the intervention of force. The services which it renders to us, as well as the services it demands from us, are both based upon compulsion. . . .

"This, then, is the question: What are the things that men have a right to impose upon each other by force? . . . I have no right whatever to force anyone to be religious, charitable, well educated, or industrious. But I do have a legitimate right to defend myself against him.

"Individuals cannot possess any right collectively that does not pre-exist in every person as an individual. If, then, the use of force by an individual is justified only in self-defense, the fact that government action is always based on the use of force should lead us to conclude that the proper functions of government are necessarily limited to the preservation of order, security, and justice. All actions of government beyond this limit are by usurpation."

In his *Harmonies*, Bastiat also issued a much-needed warning to the "upper classes" of France (and of every other country): "The upper classes have become alarmed, and not

without reason, at the demands of the masses. . . . But is not this alarm a just and merited punishment? Have not the upper classes themselves set the fatal example for the masses? Have they not themselves had their eyes turned perpetually toward the public treasury? Haven't they always tried to secure from government more special privileges for themselves as manufacturers, bankers, mine owners, land owners? Haven't they even gotten subsidies from the public treasury for their ballets and operas? . . . And yet they are astonished and horrified when the masses adopt the same course! When the spirit of greed has for so long infected the wealthy classes, how can we expect it not to be adopted by the suffering masses? . . . What ought the upper classes to do? Two things: First, renounce all special privileges themselves. Second, educate the masses. For the only two things that can save society are justice and understanding."

The final selection is extracted from Bastiat's pamphlet on *The State*:

"The State is the great fiction by which everybody tries to live at the expense of everybody else. . . . And we have placed this great illusion as an introduction to our Constitution! Here are the first words of the preamble: 'France has constituted itself a Republic to . . . raise all the citizens to an ever-increasing degree of morality, enlightenment, and well-being.'

"Thus it is France, an *abstraction*, that is to raise Frenchmen, or *realities*, to morality and well-being. Perhaps it is our blind attachment to this strange delusion that leads us to expect everything from a power above and beyond ourselves. . . .

"I am convinced that the *personification* of the State has been in the past, and will continue to be in the future, a fertile source of calamities and revolutions. . . .

"The State has two hands, one for taking and one for giving—a hard hand and a soft hand. And the activities of the soft hand are necessarily subordinate to the activities of the hard hand. . . .

"What is never seen—and never will be seen, since it can't even be imagined—is that the State will give *more* to the people than it takes from them."

Thus, in considerable detail in this and other chapters, we

have studied the ideas of Frederic Bastiat on both the mechanics and philosophy of government. Unquestionably, he presented original and powerful ideas in both areas, but most especially in the philosophy of government. (See Chapter 1.) For that reason, he has a clear claim to prominence in the history of political thought. And it is my hope that this study will help to secure for him the recognition he so justly deserves.

10

Bastiat and Chevalier

In the next chapter, we will see how Richard Cobden of Great Britain and Michel Chevalier of France brought free trade (or, at any rate, freer trade) to France in 1860—ten years after Bastiat's death. We have already noted that Bastiat had considerable influence upon his good friend and mentor, Cobden. The conclusion of this chapter is that Bastiat's influence on Chevalier was almost that of a teacher to a disciple.

An examination of the weird philosophy of "Saint-Simoni-
anism," of which Chevalier was a follower in the early 1830's, is not a part of this book. But it should be noted that there was nothing in that socialistic and semimystic philosophy that was specifically opposed to free trade. In fact, since it was dedicated to the *universal* brotherhood of man, its followers could not logically have endorsed a nationalistic policy of protectionism. Even so, the Saint-Simonists as a group never paid any special attention to the subject of free trade. Nor did Michel Chevalier himself show any particular interest in the subject in his speeches, articles, and books during that period of his career. "There is no reference to free trade in any of Michel Chevalier's works during the Saint-Simon phase of his life."¹

During the middle 1830's, Chevalier traveled extensively in England and in North and Central America. In his articles and books on his observations, one finds detailed facts and figures on various phases of transportation and commerce—but he didn't comment one way or the other on the subject of free trade. Even in his *Lectures in political economy deliv-*

ered at the University of France, first published in 1842-43, Professor Chevalier made only brief and noncommittal references to free trade.

As noted previously, Chevalier was one of the members of the Society of Political Economy who wrote to Bastiat after the appearance of his first article, *The Influence of English and French Tariffs*, in the *Journal des Economistes* in 1844. The papers and records of Chevalier do not contain Bastiat's reply to that letter, if any.² Meanwhile, from his retreat at Mugron, Bastiat continued to write his free trade articles for the *Journal*. Chevalier, both as a professor of political economy and a member of the Society that published the *Journal*, naturally continued to read and ponder them. Sixteen months later (after 11 of Bastiat's free trade articles had appeared in the *Journal* and after his book on the free trade movement in England had been published), Michel Chevalier dedicated his own great talents to the struggle to rid France of its traditional and extreme policy of protectionism. He announced his position in an article in the April 8, 1846 issue of the *Journal des Debats*.

Unquestionably, Bastiat was directly responsible for Chevalier's endorsement of free trade. Dr. Marlis Steinert, a research student of Chevalier's intellectual development, has made this flat statement: "He read Frederic Bastiat, and he was converted."¹

It is highly doubtful that Bastiat's theories alone would have persuaded Chevalier to take a public stand on the issue; for after all, he had already served a prison sentence in 1833 for becoming overly enthusiastic about the theories of the Saint-Simonists! But when Bastiat's persuasive theories were combined with Cobden's practical political work that was already a demonstrated success in England, Chevalier was convinced that the time was ripe for a free trade movement in France. But as we shall see, practical-politician Chevalier (contrary to theorist Bastiat) remained always ready for a compromise on the issue.

Chevalier was to pay an immediate penalty for his statements against protectionism. In 1845, he had been elected to the Chamber of Deputies from the Department of Aveyron. During the election campaign of the following year, his opposition seized avidly upon Chevalier's free trade statements.

Much against Chevalier's wishes, the campaign was centered on that issue. "For the first time in France, an election was held on the issue of free trade versus protectionism."¹ Chevalier was defeated. But his decision for free trade was firm. While he was always ready to compromise in the area of political implementation, he never wavered in his ultimate objective during the remainder of his long and successful career.

There is no record of the first meeting between Frederic Bastiat and Michel Chevalier. But it was doubtless soon after Bastiat moved permanently to Paris in February of 1846 to accept the long-standing invitation from Chevalier and other members of the Society of Economists "to join them in the work of disseminating economic truth." At any rate, on April 18, 1846, Bastiat wrote his friend Coudroy: "Michel Chevalier has kindly offered to have my articles published in the *Journal des Debats*."

After Chevalier lost his campaign for re-election to the Chamber of Deputies on August 2, 1846, he hastened back to Paris to join Bastiat and the other members of the Society of Economists* who had been busy organizing the French Free Trade Association. The group held a private dinner on August 18—with Cobden as honored guest. Both Bastiat and Chevalier were among the seven persons who offered toasts.

When the Free Trade Association's weekly newspaper—*Le Libre-Echange*—was established, Bastiat was elected editor—and Chevalier was one of the six members appointed to the "editorial committee." When the administrative council of the Association was formed, Bastiat was secretary-general, and Chevalier was a member. The first article by Chevalier in *Le Libre-Echange* was an edited account of his speech before the fourth public meeting of the Association. Thereafter, in various forms, his work appeared often in its columns. In June of 1847, Chevalier donated 500 francs to the Association—to be used primarily to support Bastiat's newspaper. In the August 1849 meeting of the Peace Congress, Bastiat and Chevalier (and Victor Hugo) were fellow delegates representing France.³

* The Society of Economists was also the Society of Political Economy, interchangeably.

When Chevalier's book, *La Monnaie*, was published in June of 1850, Bastiat wrote to Paillottet: "It was with pleasure that I received the book by Michel Chevalier. He does me the honor of crediting to me several points of view expressed therein. In return, he has also given me many facts and examples. That is an excellent illustration of free trade in action. Our work has great need of his pen."

In that book, Chevalier made his strongest statement for free trade. Every person should have complete freedom, he said, to exchange his products and services with others. "And when I say others, I am speaking in the broadest sense, without regard to any frontier. In that manner, the needs of everyone would find the largest possible satisfaction in the shortest possible time." That sentiment had, of course, long been held and popularized by Bastiat.

As has been previously noted, when Bastiat's *Harmonies of Political Economy* was published, "most of his fellow economists announced themselves in disagreement with the [central] idea [of value] advanced therein by Bastiat. Even the *Journal des Economistes* itself waited six months before reviewing it, and that review was really a refutation of the book."⁴ But that verdict was not shared by Chevalier. "He placed *Harmonies* beside the immortal work of Adam Smith."⁴

In one of the last letters dictated by Bastiat just before his death, he said to Paillottet: "Please write to Michel Chevalier and tell him how grateful I am for his excellent review of my book. If that review has any fault at all, it is the fact that it is not critical enough. Tell him that only my illness prevents me from writing him myself to express my thanks."

The most complete statement ever made by Chevalier on the theory and practice of free trade was his book, *Examination of the Commercial System known as Protectionism*, published in 1852. That book also shows most clearly the influence of Bastiat on his friend and colleague, Chevalier.

In the introduction, the editor explained why the book was written: The protectionists were everywhere victorious in France. Led by the Minister of Commerce, Dumas, the entrenched advocates of more and higher tariffs were especially successful in the National Assembly. Thus the Society of Political Economy "decided that a reply should be made to the contradictory and erroneous statements made by the protectionist speakers. . . . Michel Chevalier was given the assign-

ment." In the course of his extensive and detailed arguments against the fallacies and injustices of protectionism, Chevalier drew heavily from the ideas of Bastiat.

He made his first direct reference to Bastiat by repeating in full his "Candlemakers' Petition" that has already been summarized in chapter four.

At another place in his book, Chevalier said: "In order to demonstrate the evil effects of protectionism on national wealth, I will cite an argument by Bastiat: '. . . I have made an arithmetic calculation of the advantages and disadvantages of protectionism from the point of view of national wealth . . . , and I have arrived at this conclusion: All restrictive measures produce one advantage and two disadvantages, or one profit and two losses. . . . Public opinion is led astray on this point because the single profit [the protected or created jobs, industries, and products] is easily seen, while the two losses that automatically follow are detected only by careful deduction. One of those losses is the higher price that Frenchmen must pay at home for the protected products that could be bought more cheaply abroad, if trade were free. The other loss is even more difficult to see; it is the absence of the product or service *not produced* because the consumers had to pay those higher prices! Here is how it works: Let us assume that two products in France, A and B, have values of 50 and 40. Let us also assume that in Belgium, both A and B have a value of 40 each. [Comparative differences of this nature are easy enough to find in reality.] Now if France is under a protective system, and must thus produce both A and B at home, a certain amount of effort will produce a combined value of 90. But if free trade were permitted, the same effort (equal to 90) would be divided as follows: First, 40 would be expended for the production of B, and the result would be exchanged for A in Belgium where A has the same value as B or 40. Next, 40 would be expended as usual for the production of B for home consumption. That would leave an unexpended 10 for the production of another product, C. Thus free trade would bring to France an additional wealth of 10—with no additional effort and with no decrease in the customary amounts of A and B. Now for the letter A, substitute iron; for B, substitute wine or silk or various articles manufactured in Paris; for C, imagine some new product or service

we are now deprived of. Protectionism always injures the well-being of the nation.' ”*

Chevalier made still another long reference to Bastiat and his ideas: “In one of his excellent pamphlets, Bastiat proposed to show that the *principle* of protectionism and communism is the same. He truly stated: Both involve the arbitrary intervention of the state in the exchange of goods and services, which must remain free for the best order of society. The similarity between protectionism and communism is so close that it would be easy to pass from one to the other. . . .” Chevalier continued this paraphrasing of Bastiat’s *Protectionism and Communism* for three pages.

In his book, Chevalier expressed in his own words many ideas that sound familiar to a student of Bastiat’s work. For example, “To know if an institution has a future, it is only necessary to see if it is in harmony with justice and liberty.”

To Chevalier (and to Bastiat), liberty meant that “men shall choose their professions and pleasures, and shall follow them as they wish, provided they do not thereby encroach upon the liberty of others; that men shall provide their own materials and tools; that they shall freely dispose of their own production (or the remuneration for their work) by using it themselves or by exchanging it in any honest way they wish.” In fact, with the exception of government (both in its organization and the extent of its powers), Chevalier seemed to endorse and accept all of Bastiat’s ideas in the areas of economics and moral philosophy.

That fact becomes almost startlingly clear when we outline the *ideas*, rather than the specific figures and examples, discussed by Chevalier in his work: Protection is contrary to the principles of liberty and justice. It is reactionary (counter-revolutionary). It is opposed to the material prosperity of the nation. It is offensive to both dignity and honor. It is the opposite of national solidarity. It destroys individual responsibility and character. Protectionism and patriotism are not the same thing. French industry in general will *profit* from free trade. Protectionism does not create jobs. Tariffs are injuri-

* This example illustrates the “comparative advantage principle” that did, and does, determine the amount and kind of most international trade.

ous to public morality (e.g., smuggling, favoritism, dependence, etc.). Protectionism and communism have much in common. Free trade will mean more income for the state treasury. It will make more food and manufactured products available to the people at lower prices.

Every one of those ideas had been discussed in considerable detail by Bastiat in his *Sophisms* and pamphlets. Dr. Steinert reached a somewhat similar conclusion when she summed up the free trade ideas found in Chevalier's general works: "None of his arguments are exactly original. Frederic Bastiat had already advanced them with considerably more vigor and color. But Bastiat died in 1850, and Michel Chevalier, man of action, was his successor."¹ But then, as Bastiat himself gladly acknowledged on various occasions, he himself had derived his basic ideas from Smith, Say, and the other classical masters. Even so, he would doubtless have been flattered by the contents of Chevalier's major work on free trade.

In their work in this area, however, Bastiat and Chevalier did differ on their approach to its practical implementation. Bastiat would not compromise; he advocated an *immediate* repeal of *all* protection and *all* restrictions of any kind against internal and external trade. But Chevalier concluded the discussion of free trade in his *Examination of the Commercial System* by asking the rhetorical question as to whether tariffs should be abolished completely and immediately, or reduced point by point over a period of time. He then answered his own question.

"One should proceed by degrees. (p. 297) One should reduce the tariffs from time to time, down to a minimum. (p. 299) One should abolish immediately all tariffs on raw materials of all kinds. (p. 300) The tariffs must be simplified. (p. 304) All restrictions on exportation should be abolished. (p. 305) Foreign ships should be permitted to bring goods to France. (p. 306) I recommend the immediate reduction by at least 75 per cent of the extravagant protection now given to the iron manufacturers. (p. 308)."

On page 311, he said that he did not insist on any specific program; that he had advanced his ideas primarily for discussion. "Here is what I suggest that the government now do: Write into our laws the *principle* of free trade . . . and then take whatever time is necessary to make the transition from one system to the other." He pointed out that 22 years

had elapsed between the first tariff reforms of Huskisson in England and the final abolition by Robert Peel.

Chevalier ended his book by quoting Napoleon at St. Helena in 1816: "We must set as our goal freedom of the seas and universal free trade."

Perhaps even in that concluding quotation, Chevalier showed himself the practical politician, as well as the supporter of free trade. For at the time his book appeared in 1852, Napoleon's nephew, Louis Napoleon, who had seized power in France, was beginning to rely on the advice and counsel of Chevalier in the general areas of commerce and transportation.

In theoretical economics, Bastiat was doubtless superior to his friend and colleague Chevalier. But in the area of practical politics, Chevalier was unquestionably the master. For as we shall see in the next chapter, "more fortunately than Bastiat . . . and other defenders of free trade, Michel Chevalier was able to bring it to a successful conclusion."⁵

Here is a concluding note on the relationship between Bastiat and Chevalier: In a personal interview in Paris in the summer of 1957, and in a subsequent exchange of letters, Professor J. B. Duroselle was most helpful in suggesting to me various sources for this study. Finally, in May of 1959, Professor Duroselle made available to me a manuscript he had written on the free trade activities of Chevalier before 1860. While that manuscript merely mentions Chevalier's relationship to Bastiat in passing, it still reaches the same general conclusion. By generous permission of the author, two paragraphs of that unpublished manuscript follow:

"Until 1845, Michel Chevalier was a moderate protectionist. Then in April of 1846, he published his profession of faith as a free trader in an article in the *Journal des Debats*. How can that evolution be explained? I believe that it can be attributed almost entirely to the intellectual influence of Frederic Bastiat."

(Quoting from a letter from Cobden to Chevalier in 1856), "I am pleased indeed that you are carrying on the defense of the principles of free trade, for since the untimely death of our dear friend Bastiat, it is you whom we regard as the champion of free trade."

II

The Anglo-French Commercial Treaty of 1860

In 1860, Bastiat's two close friends in the free trade movement, Cobden and Chevalier, finally brought free trade (comparatively speaking) to France. This chapter merely summarizes how they did it; for the definitive study of that episode has already been done by Arthur Lewis Dunham in his scholarly book, *The Anglo-French Treaty of Commerce of 1860*.¹ Actually, this short chapter is "original" only in the sense that it relates that treaty to the prior work of Bastiat.

When Bastiat died in 1850, there was no recognized and generally accepted successor to his leadership of the free trade movement in France. As we know, that movement, as a formal organization, had practically ceased before the Revolution of 1848. But as we also know from Bastiat's legislative career and writings during the last 30 months of his life, a favorite theme was still free trade.

The man who eventually assumed the *natural* leadership after Bastiat was Michel Chevalier, who was generally "recognized as the leader of the French free traders as early as 1852."²

On February 15, 1851, Sainte-Beuve had introduced in the National Assembly a proposal that was, in effect, a free trade bill. But by a vote of 428 to 199, the protectionist-minded Assembly decided not even to discuss it!² As we know from the preceding chapter, the members of the Society of Economists were so incensed at the absurd and fallacious arguments offered by the protectionists that they commissioned Chevalier

to answer the charges. Chevalier's answer was his 1852 book (previously discussed) that owed so much to Bastiat's influence and works. From then on, Chevalier was unquestionably the leader of the French free traders and what little was left of their formal organization within the Society of Economists.

Unlike Bastiat, however, Chevalier had taken to heart Cobden's advice that "the free trade movement, which was formed on a broad base in England and forced upon the legislature, must in France start with the legislators and be imposed on the people." Although, after his 1852 book on the subject, Chevalier took no further part in the *public* debates on free trade, those debates continued to occupy a prominent place, both within and without government, throughout the 1850's. As we shall see, however, it was neither the speeches and bills in the Assembly, nor the speeches and articles outside the Assembly, that were to determine the issue. That was to be determined by certain activities and maneuvering behind the scenes.

True enough, in 1852, the government of the Second Empire did revive the Supreme Council of Commerce to advise on commercial treaties, tariffs, and such. In fact, several of Bastiat's former colleagues were on it: Duffour-Dubergie, Legentil, Gautier, and d'Eichthal. And in spite of the fact that they were outnumbered by the protectionists on the committee, they did succeed in introducing a series of tariff-revision measures that were "ratified by sullen Chambers in the Tariff Acts of July 26, 1856, and April 18, 1857."² But probably the only reason they were ratified at all was because, in essence, they were only minor modifications instead of serious reductions or changes in the tariff laws. For when the government, in 1856, tried to remove the existing absolute prohibitions against the importation of certain articles, the bill was overwhelmingly defeated, even though the government had promised to place ultrahigh duties on those imported articles. Throughout the 1850's, prohibitions and high duties continued to exist about as they had for the past 67 years. Two events, however, were to change that situation both suddenly and dramatically.

First, in December of 1852, "the senate, which had been called in special session, adopted by a vote of 64 to 7 a decree

giving the Emperor the power to sign commercial treaties without the assent of the Chambers, such treaties having the force of law with respect to any modification of the tariff which they involved.”²

Second, Michel Chevalier—who in January of 1857, had been appointed a member of the revived Council of State in the section of public works, agriculture, and commerce—noted the possibility of gaining by that law the free trade measures that couldn’t be gained by other means. And immediately, he began using his influence with Napoleon III to bring it about.³

An exceedingly important document for any discussion of the history of the treaty of 1860 is the letter written on January 18, 1869, by Chevalier to Bony Price in answer to a request for his recollections of the events leading up to it.⁴ Therein, Chevalier said that his decision to do something positive about improving the commercial relations between France and England stemmed from the Industrial Exhibition of 1855 in Paris. His comparison of French and foreign products and prices at that time convinced him that no reasonable person could any longer claim that French industry needed protection from foreign competition. So Chevalier used his growing influence with the Emperor, as well as with his colleagues in the Council of State, to persuade them to his point of view. “As a result, the government presented to the Legislature, during the session of 1856, a bill to lower tariffs.” (Quoted from Chevalier’s letter in the Price book, p. 228.) The proposal met with such a violent rebuff that the government withdrew it and promised not to raise the question for the next five years. At that point, Chevalier said that he thought again about the constitutional power of the Emperor “to make treaties of commerce without submitting them to the Legislature for approval.” (p. 229) But he did nothing about it at that time.

In the summer of 1859, Chevalier went to England for the express purpose of convincing Cobden of the merit of a commercial treaty between England and France.⁵ Elated with the success of that mission, he returned the following October on a similar mission to Gladstone, Chancellor of the Exchequer. (p. 231) Chevalier was also successful in convincing Gladstone of the merits of such a treaty for improving both com-

mercial and political relations between their two nations. During that same month, while Cobden was ostensibly on a vacation in France, Chevalier arranged a secret meeting between him and the Emperor. Napoleon indicated his approval of the project. Immediately thereafter, a team of French and British economists and officials (including Cobden and Chevalier) began hammering out the details of the proposed treaty, still in secret. By the time the protectionists discovered what was developing, it was too late for them to arouse any effective opposition. The treaty was signed and released to the public on January 3, 1860.

"The phrase 'free trade' does not appear anywhere in the treaty, nor does it appear in any of the reports or documents relating to the affair," wrote Chevalier to Price. "But the part that Richard Cobden and I played in it was proof to all the world, and especially to the prohibitionists, that free trade was our goal." (p. 233)

Oddly enough, Morley, in his monumental *Life of Cobden*, gave almost no credit to Chevalier. Dunham, however, agreed completely with Chevalier's story of the negotiations.⁶ Throughout his book, Dr. Dunham consistently referred to the agreement as the "Chevalier-Cobden Treaty," and suggested three probable reasons for Lord Morley's oversight: First, Chevalier never took an important part *officially* in the negotiations, and did not sign the treaty. Second, Chevalier left only a scanty record (and that mostly in the form of unpublished personal letters) of his part in the negotiations, and therefore Morley did not have the evidence that is now available. Third, while the treaty was popular in England, and Cobden was again proclaimed a national hero, it was unpopular in France, and the little said about the Frenchmen who helped arrange it was mostly short and abusive.⁷

A controversial point about that treaty is illustrated by this statement: "Louis Napoleon's programme, announced early in 1860, was practically a free trade manifesto."⁸ That statement, and a myriad of similar comments by various writers on the subject, just aren't true. Actually, the tariff on many of the articles covered by the treaty remained at 30 per cent *ad valorem*. In no case was the tariff below 10 per cent on any listed item. While such an arrangement can hardly be called "free trade," it is true that all of the outright *prohibi-*

tions against importation were removed by the treaty, and a few token products were admitted duty-free. But even though it was not a free trade treaty for France, it was a magnificent step in that direction. Its true value was summarized by Professor Dunham in these words: "The change from a prohibitive to a moderate protective tariff in France, and the complete adoption of free trade in England . . . were reforms of great significance and value. . . . [The treaty also] set an example that, within the next ten years, was followed by all the great states of Western Europe."⁹

Esslen refers to that treaty as "the cornerstone of the new free trade policy in Europe."¹⁰ During the next decade, France signed similar treaties (with still lower tariffs) with Belgium, the German states, Italy, Switzerland, Sweden, Norway, the Hanse towns, Spain, the Netherlands, Austria, and Portugal. "Clearly the result of these extensive changes was an absolute break with all the traditions of French commercial policy."¹¹ In addition, that 1860 treaty also saw the *effective* birth of the most-favored-nation idea of commercial treaties. "Thus arose the system of European tariff and most-favored-nation treaties, which until the World War remained the basis of modern commercial policy."¹²

In one of his comments on the results of the change in French commercial policy brought about by that treaty, Dunham *personalized* it in this fashion: "The international trade of Europe owes much to Napoleon III . . . to Cobden . . . and to Gladstone . . . but it owes still more to the man who conceived the idea and began the negotiations of the Treaty of 1860, Michel Chevalier."¹³ After much research on the subject of free trade in France and England during the middle of the last century, I am convinced that the name of Frederic Bastiat also rightfully belongs in that listing.

Ronce endorsed the same sentiment, and explained his reasoning as follows: "If the free trade campaign [directed by Bastiat from 1845 to 1850] did not bring an immediate result, at least it accustomed people to the *idea* of free trade, and it brought serious doubts about the benefits of protection; it prepared the way for the 'qualified' free trade system represented by the Treaty of Commerce of 1860."¹⁴

In 1862, when those various French commercial treaties were being negotiated and signed, Bastiat's friend Fontenay

wrote: "All we can say is that Bastiat's new and hotly contested ideas . . . have completed their journey after his death." He added: "Bastiat has rendered a great service to our generation."¹⁵

There is no mention of Bastiat in the various letters and statements written by Cobden and Chevalier during those hectic months of late 1859 and early 1860 when they were working so desperately to complete the commercial treaty between their two countries. It is inconceivable, however, that Bastiat's two old friends and collaborators whom he had introduced to each other in 1846—one of whom, Chevalier, was almost a disciple—could have failed to remember him during those trying days. For, as Louis Baudin has correctly stated: "It is to Bastiat that one must, to a considerable degree, give credit for the free exchange policies of the Second Empire."¹⁶

12

Bastiat's Influence Today

We have already noted Bastiat's influence during his lifetime, plus his influence on the two authors of the Anglo-French Commercial Treaty of 1860, and his possible influence on the authors of the 1958 French Constitution.

Shortly after his death in 1850, Bastiat's *Selected Works* were published in three volumes. In 1861-64, his *Complete Works* appeared in seven volumes. Those selected and complete works ran through at least six printings each.

When Bastiat's works "entered the public domain" in 1860, his *Harmonies* and *Sophisms* were translated into English and ran through "several printings." That was also true of at least four of his essays, especially *The Law*.

Soon after his death, articles on Bastiat's life and works began to appear in various professional and learned journals. There was also a hastily-written book or two. In 1905, five published books (and, apparently, several unpublished manuscripts) on Bastiat's life and works were inspired by a contest sponsored by the Chamber of Commerce of Bordeaux, where the formal organization of the free trade movement in France had been inaugurated in 1846. Since then, there have been other articles and books—especially doctoral theses!

Bastiat's ideas have, of course, appeared in one form or another (usually briefly) in almost all histories of economic thought. At least until World War I, his works were familiar to all French-speaking students of political economy. (In September of 1962, Professor Daniel Villey of the University of Paris repeated to me this appraisal he had made in his 1954 book on economic doctrines: "Still today, perhaps there

is no introduction to political economy that is more attractive and fruitful than the works of Bastiat.”)

Along with numerous other notables over the years, Pope Leo XIII (in a pastoral letter when he was Cardinal Pecci in 1877) paid his tribute to Bastiat's concept of the natural harmony that prevails among the true interests of men and nations: “A celebrated French economist has clearly explained the many benefits that society brings to man; and that marvel is worthy of our attention.”

The purpose of this concluding chapter, however, is Bastiat's influence today. It is considerable.

In 1946, Harper and Brothers published Henry Hazlitt's *Economics in One Lesson*. In the introduction, Mr. Hazlitt said: “My greatest debt, with respect to the kind of expository framework on which the present argument is hung, is Frederic Bastiat's essay, *What Is Seen and What Is Not Seen*, now nearly a century old. The present work may, in fact, be regarded as a modernization, extension and generalization of the approach found in Bastiat's pamphlet.” Here follows Bastiat's “broken window fallacy” as modernized and extended by Mr. Hazlitt on pages 15-17 of the latest edition (Macfadden, 1962) of his superior little book about economic fallacies that are far more prevalent today than they were in Bastiat's era.

Let us begin with the simplest illustration possible: let us, emulating Bastiat, choose a broken pane of glass.

A young hoodlum, say, heaves a brick through the window of a baker's shop. The shopkeeper runs out furious, but the boy is gone. A crowd gathers, and begins to stare with quiet satisfaction at the gaping hole in the window and the shattered glass over the bread and pies. After a while the crowd feels the need for philosophic reflection. And several of its members are almost certain to remind each other or the baker that, after all, the misfortune has its bright side. It will make business for some glazier. As they begin to think of this they elaborate upon it. How much does a new plate glass window cost? A hundred dollars? That will be quite a sum. After all, if windows were never broken, what would happen to the glass business? Then, of course, the thing is endless. The glazier will have \$100 more to spend with other mer-

chants, and these in turn will have \$100 more to spend with still other merchants, and so ad infinitum. The smashed window will go on providing money and employment in ever-widening circles. The logical conclusion from all this would be, if the crowd drew it, that the little hoodlum who threw the brick, far from being a public menace, was a public benefactor.

Now let us take another look. The crowd is at least right in its first conclusion. This little act of vandalism will in the first instance mean more business for some glazier. The glazier will be no more unhappy to learn of the incident than an undertaker to learn of a death. But the shopkeeper will be out \$100 that he was planning to spend for a new suit. Because he has had to replace a window, he will have to go without the suit (or some equivalent need or luxury). Instead of having a window and \$100 he now has merely a window. Or, as he was planning to buy the suit that very afternoon, instead of having both a window and a suit he must be content with the window and no suit. If we think of him as a part of the community, the community has lost a new suit that might otherwise have come into being, and is just that much poorer.

The glazier's gain of business, in short, is merely the tailor's loss of business. No new "employment" has been added. The people in the crowd were thinking only of two parties in the transaction, the baker and the glazier. They had forgotten the potential third party involved, the tailor. They forgot him precisely because he will not now enter the scene. They will see the new window in the next day or two. They will never see the extra suit, precisely because it will never be made. They see only what is immediately visible to the eye.

So we have finished with the broken window. An elementary fallacy. Anybody, one would think, would be able to avoid it after a few moments' thought. Yet the broken-window fallacy, under a hundred disguises, is the most persistent in the history of economics. It is more rampant now than at any time in the past. It is solemnly reaffirmed every day by great captains of industry, by chambers of commerce, by labor union leaders, by editorial writers and newspaper columnists and radio com-

mentators, by learned statisticians using the most refined techniques, by professors of economics in our best universities. In their various ways they all dilate upon the advantages of destruction.

Though some of them would disdain to say that there are net benefits in small acts of destruction, they see almost endless benefits in enormous acts of destruction. They tell us how much better off economically we all are in war than in peace. They see "miracles of production" which it requires a war to achieve. And they see a world made prosperous by an enormous "accumulated" or "back-up" demand. In Europe they joyously counted the houses, the whole cities that had been leveled to the ground and that "had to be replaced." In America they counted the houses that could not be built during the war, the worn-out automobiles and tires, the obsolescent radios and refrigerators. They brought together formidable totals.

It was merely our old friend, the broken-window fallacy, in new clothing, and grown fat beyond recognition.

While Henry Hazlitt's book goes far beyond Bastiat's essay on the broken window fallacy, it seems clear that the one inspired the other. Perhaps it is amusing to discover that one of the seven languages into which Hazlitt's *Economics in One Lesson* has been translated is French. The others are Swedish, German, Norwegian, Czech, Italian, and Spanish. The combined foreign sales have exceeded 40,000. Sales for the regular English edition were more than 40,000 in hard cover, and some 225,000 in paper cover. A revised edition of *Economics in One Lesson* was published in 1962, with a combined first and second printing of 87,000 in paper cover. Thus the total is approaching 400,000 (including the Harper, Pocket Book, Macfadden, and all foreign and special editions). Further, the book has been condensed in *The Reader's Digest*; that, of course, would be in excess of ten million copies. Mr. Hazlitt (like Bastiat) deals with *principles*, instead of mere statistics, in his book. Thus there is no particular reason why it should ever become outdated.

But perhaps the person most responsible for Bastiat's resurgence in the United States today is Leonard E. Read,

President of the Foundation for Economic Education. According to a July, 1961 letter to me when I was Professor of Economics at Rockford College, Mr. Read first encountered the works of Bastiat in the early 1940's when he was General Manager of the Los Angeles Chamber of Commerce. In 1943, he "read an old translation of *The Law*, avidly and with enthusiastic approval." He induced another organization with which he was associated, Pamphleteers, Inc., to publish that "Stirling translation" of Bastiat's essay. "Much to my amazement, the booklet was poorly received by our readers. I concluded that . . . the old and awkward translation itself was the main stumbling block. That was when I first decided it should be translated into modern American idiom."

Although Mr. Read had "some reservations about certain aspects of Bastiat's methodology," the newly-established Foundation for Economic Education in 1946 included among its primary projects that of making the works of Bastiat known to a wider audience—both academic and nonacademic. "It was his general *philosophy*, not his attempts to implement it politically, that attracted me."

Various of Bastiat's essays, still in their old translations, were first published in multilithed form by that Foundation. But Read was determined to have that new translation of *The Law*. He finally got it in 1950; I was the translator. To date, that new translation in book form has sold more than 100,000 copies. And in a slightly condensed form, that translation of *The Law* is now included in the paperback book, *The Law and Clichés of Socialism*, published by Constructive Action, Inc., in Whittier, California. The first printing of that 250 page book in 1964 was 100,000.

Over the years, new translations of 23 extracts from Bastiat's works have appeared in *The Freeman* (the monthly journal of the Foundation for Economic Education), and several of those extracts on free trade have been compiled into a separate pamphlet.

The selected works of Bastiat were recently published again (1964; new translations) by the D. Van Nostrand Company. The three volumes are *Harmonies* (for which I wrote the introduction), *Sophisms*, and *Essays*. [No longer in print in cloth, but available in paperbacks from the Foundation for Economic Education.]

Bastiat's works are increasingly entering college classrooms as references and supplements. His sound ideas and lively illustrations—credited and not credited—are quoted frequently by congressmen, editors, columnists, and others. Bastiat's "broken-window fallacy" and the "candlemakers' petition" are now almost a part of our own folklore; they were frequently cited during the national debates on the President's request to Congress for a new tariff policy in 1962. There are many more examples I could cite to illustrate the resurgence and influence of Bastiat's work today, but the selected examples and figures already given will suffice for the purpose of this chapter.

Thus this brief study of the life, works, ideas, and influence of Frederic Bastiat comes to a close with this final quotation. In a moment of discouragement, Bastiat once wrote to his good friend, Coudroy, "What gives me courage is that, perhaps, my work may prove to be of some use to mankind."

It has.

Notes

CHAPTER 1, PAGES 1-15

1. "L'etat, c'est la grande fiction a travers laquelle tout le monde s'efforce de vivre aux depens de tout le monde." This quotation is from an article that originally appeared in the *Journal des Debats*, September 25, 1848. It is also found in the *Oeuvres Completes de Frederic Bastiat*, vol. 4, p. 332.
2. *The Complete Works of Bastiat* were published in seven volumes by Guillaumin, Paris, during the years 1862-64. The monograph on *The Law*, from which the extensive quotations in this chapter were extracted, is found in vol. 4, pp. 342-393.
3. In my doctoral research on Bastiat and free trade, I consulted the original documents whenever they were available—magazines and newspapers in which his articles first appeared, the official record of the French National Assembly, first editions of his books, letters, and so on. Except for minor "typographical differences," the editor of Bastiat's *Complete Works* had, as anticipated, remained faithful to the original sources. Every quotation that I have used from Bastiat throughout this book can be found in his *Complete Works*, except in the few cases where I have specified to the contrary. In this book, I do not burden the reader with minutia of the exact page and the cross references for the hundreds of quotations from Bastiat's *Works*, since I can see no useful purpose in doing so. The student who wishes to do research in this area can find the detailed references and documentation in my original thesis that is available in various libraries.

CHAPTER 2, PAGES 16-28

1. The following three books offer considerable biographical information on the early life of Bastiat. But none is complete, and none makes any particular attempt to develop the bare facts into a meaningful whole.
 - a. *Complete Works of Bastiat*. Introduction by R. de Fontenay.
 - b. Ronce, P., *Frederic Bastiat, Sa Vie, Son Oeuvre* (Paris, 1905).
 - c. Nouvion, George de, *Frederic Bastiat, Sa Vie, Ses Oeuvres, Ses Doctrines* (Paris, 1905).

2. *Encyclopedia of the Social Sciences* (New York, 1934), vol. 13, p. 559, written by Ernest Teilhac. The same general comment has been made by others.
3. The names and facts in this section have been culled from all seven volumes of Bastiat's *Complete Works*, which also includes much of his correspondence.
4. *Encyclopedia of the Social Sciences*, vol. 11, p. 477.
5. Haney, Lewis, *History of Economic Thought* (New York, 1949), p. 180.
6. *Complete Works of Bastiat*, vol. 1, p. 64.
7. Ronce, *op. cit.*, p. 22.
8. Bastiat was in his late twenties when he married a local girl. It was a most unhappy union, and the couple never even established a regular household. His wife was living with her parents when their son was born, and she continued to live there permanently. It was a subject that Bastiat refused to discuss. While it was the son who sent to the National Assembly the announcement of his father's death, there is no evidence to suggest that there was ever more than a formal relationship between them.
9. Introduction by Fontenay in *Complete Works of Bastiat*.
10. Fontenay, *op. cit.*
11. De Novion, *op. cit.*, pp. 21 and 25.
12. Ronce, *op. cit.*, p. 81.
13. Fontenay, *op. cit.*

CHAPTER 3, PAGES 29-40

1. *Complete Works of Bastiat*, vol. 5, p. 447.
2. Stirling, Patrick J. Introduction to a translation, *Harmonies of Political Economy* (Republished, 1944).
3. Carey, Charles, *Principles of Political Economy*, 3 vols., (1837-40). See also Carey's 1848 book, *The Past, the Present, and the Future*.
4. On this matter, see also Gide and Rist, *A History of Economic Doctrines* (London, 1956), p. 334n. And also Ronce, *op. cit.*, p. 244. Both Gide and Ronce reached the conclusion that it would be absurd to accept the charge that Bastiat plagiarized his major work.
5. *Dictionary of Political Economy*, *op. cit.*, vol. 2, p. 158.
6. This is well illustrated by the unfavorable review of his book by A. Clement in the *Journal des Economistes*, June, 1850. Even his close friends and fellow members of the Society of Economists rejected his theories on both rent and value.
7. Gide and Rist, *History of Economic Doctrines*, *op. cit.*, p. 12.
8. Jevons, Stanley, *Theory of Political Economy* (London, 1888), p. XLIX.

CHAPTER 4, PAGES 41-55

1. Bruel, Louis, *Bastiat et le Libre-Echange* (Paris, 1931), pp. 154 and 157.
2. *Complete Works of Bastiat*, vol. 4, pp. 57-62. This story is still repeated, in one way or another, in the works of leading economists today. As merely one of many examples, see Gottfried von Haberler, *The Theory of International Trade* (London, 1950), p. 247.
3. *Complete Works of Bastiat*, vol. 5, pp. 363-368.
4. *Ibid.*, vol. 4, pp. 55-56.
5. *Ibid.*, pp. 184-187, and several other places.
6. *Ibid.*, pp. 243-244.
7. *Ibid.*, pp. 62-63.
8. *Ibid.*, pp. 68-69.
9. *Ibid.*, pp. 244-247.
10. Perraud, B. L., *L'art de trouver son étoile* (Paris, 1914), p. 22.
11. *Journal des Economistes*, Feb., 1851, p. 196.
12. Mises, Ludwig von, *The Free and Prosperous Commonwealth* (New York, 1962), p. 197.

CHAPTER 5, PAGES 56-68

1. Hirst, F. W., *From Adam Smith to Philip Snowden* (London, 1925), p. 2.
2. Clough, S. B., *France: A History of National Economics, 1789-1939* (New York, 1939), pp. 17 and 19.
3. Baudin, Louis, *Precis d'Histoire des Doctrines Economiques* (Paris, 1947), p. 23.
4. Cunningham, W., *The Rise and Decline of the Free Trade Movement* (London, 1904), p. 28.
5. Cunningham, W., *The Growth of English Industry and Commerce in Modern Times* (Cambridge, 1903), part two, p. 829.
6. *The Columbia Encyclopedia*, second edition, p. 2022. See also Gide and Rist (*op. cit.*, p. 65n) who said that "Turgot, though a disciple of Quesnay, remained outside the Physiocratic school." But on page 45n, they also said that "Turgot's famous Edict of 1776 . . . is, with good reason, attributed to Physiocratic influence."
7. *The Columbia Encyclopedia*, p. 1553. See also Gide and Rist, p. 120, who said that "Pitt . . . always declared himself a disciple of Smith, and as soon as he became a Minister he strove to realize his ideas."
8. Ogg, F. A., *Economic Development of Modern Europe* (London, 1918), p. 87.
9. Dunham, *op. cit.*, p. 3.
10. Ogg, *op. cit.*, pp. 87-88.
11. *Ibid.*, p. 88.
12. Marriott, J. A. R., *England Since Waterloo* (London, 1918), p. 163. See also Hunt and Poole, *The Political History of England* (London, 1906), vol 2, p. 85.

13. Clough, *op. cit.*, p. 96.
14. Dunham, A. L., *The Industrial Revolution in France, 1815-1848* (New York, 1955), pp. 391-2.
15. Clapham, J. H., *The Economic Development of France and Germany, 1815-1914* (Cambridge, 1955), fourth edition, p. 72.
16. Clough, S. B. and Cole, C. W., *Economic History of Europe* (Boston, 1952), third edition, p. 477.
17. Mongredien, A., *History of the Free Trade Movement in England*, Gibbins edition (London, 1897), p. 22.
18. Armitage-Smith, G., *The Free Trade Movement and Its Results* (London, 1912), third edition, p. 49.
19. Clough and Cole, *op. cit.*, p. 474.
20. McCord, Norman, *The Anti-Corn-Law League* (London, 1958), p. 42 and others.
21. *Ibid.*, p. 163.
22. Ashworth, H., *Cobden and the League* (London, 1876), most of chapter 4. See also O'Brien, R. B., *John Bright* (London, 1910), p. 72, for Cobden on this theme.
23. Grampp, William D., *The Manchester School of Economics* (Stanford, 1960), p. 3.
24. Marriott, *op. cit.*, p. 168.
25. *Ibid.*, p. 168.
26. Morley, John, *The Life of Richard Cobden* (London, 1881), vol. 1, p. 318.
27. *Ibid.*, pp. 312-3.
28. *Ibid.*, p. 325.

CHAPTER 6, PAGES 69-78

1. Heimann, E., *History of Economic Doctrines* (London, 1945), p. 124.
2. While I found several references to those lost Cobden letters, none specified just how it happened. Even the last letter written by Cobden to Bastiat shortly before his death was not available to the editor of Bastiat's *Complete Works*. Thus it would appear that the "evil chance" of their loss occurred after the death of Bastiat because, obviously, he would have treasured them highly.
3. Hobson, J. A., *Richard Cobden: The International Man* (London, 1919), pp. 273-4.
4. Morley, *op. cit.*, pp. 93-4.
5. *Complete Works of Bastiat*, vol. 1, introduction by Fontenay.
6. *Ibid.*
7. Stirling, P. J. Quoted from the preface to vol. 2 of an old translation of *Harmonies of Political Economy* that was reprinted in 1944 in Santa Ana, California.
8. Morley, *op. cit.*, vol. 2, p. 48.
9. *The National Review* (London, Dec. 1905), vol. 46, pp. 683-694.
10. Morley, *op. cit.*, vol. 1, p. 312.
11. *Ibid.*, p. 334.
12. *Complete Works of Bastiat*, vol. 6, p. 468.

CHAPTER 7, PAGES 79-89

1. Arnaune, A., *Le Commerce Exterieur et les Tarifs de Douane* (Paris, 1911), p. 242.
2. *Journal des Economistes* (February, 1851), p. 185.
3. Dunham, Arthur L., *The Anglo-French Treaty of Commerce of 1860* (Ann Arbor, 1930), p. 16.
4. *Journal des Economistes* (February, 1846), p. 289.
5. Ronce, *op. cit.*, p. 137. According to Reybaud in his *Economistes Modernes* (Paris, 1862), p. 140, it was translated into four languages and established Bastiat's reputation "among the leading economists."
6. *Ibid.*, pp. 295-7. See also Bastiat's diplomatic answer to that letter in his *Complete Works of Bastiat*, vol. 7, pp. 373-4.
7. *Complete Works of Bastiat*, vol. 7, p. 257.
8. *Ibid.*, p. 421.
9. Reybaud, L., *Economistes Modernes*, p. 143.

CHAPTER 8, PAGES 90-105

1. Quoted from *Le Libre-Echange* (Jan. 10, 1847), p. 55, col. 3. In chapter two, it was noted that Bastiat was on excellent terms with the leading economists and free traders in Italy.
2. This letter, originally written in French, Feb. 26, 1850, is translated from Ronce, *op. cit.*, pp. 306-12, who found it in Bastiat's original papers. At this point, perhaps a word about those original documents is in order.

In my research, naturally I wanted to consult them. I had assumed they would be readily available. They weren't and aren't. Ronce, who consulted them in 1905 when he wrote his book, made the last reference to them that I could find. At that time, they were in the possession of Frederic Passy, who had received them from Paillottet, who had gotten them as a legacy from Bastiat.

By letter and through an intermediary, I contacted several members of the Passy family. Considerable inquiry indicated that the papers are not in the possession of that family. A great grandson of Passy, Professor Jean Lagny, was of the opinion that those papers had been given to the Society of Political Economy. Another member of the family suggested the Academy of Moral and Political Science. Another suggestion was the Chamber of Commerce of Paris, which has an extensive library on free trade during Bastiat's era. None of those organizations have any record of the papers. Nor was the French National Library, after considerable effort, able to throw any light on the subject. (One letter by Bastiat is located there.)

Two persons in Paris—Professor Daniel Villey of the University of Paris and Mr. Bertrand Gille of the National Archives—especially interested themselves in helping me to find those papers. Both finally reached the conclusion that they are lost. Professor Villey's inquiries did produce this interesting cloak-

and-dagger possibility. Mr. Yves Goblet, secretary of the Society of Political Economy in 1940, had stored in his home an extensive collection of old manuscripts, documents, and letters that belonged to the Society. During the German occupation of Paris, his house was requisitioned by the Gestapo—and all the papers therein were destroyed by them. The current secretary of the Society, Paul Naudin, confirmed this story, but was unable to say whether or not Bastiat's papers were there at the time.

After 18 months of sporadic effort to trace Bastiat's original papers (in person, by letter, and through intermediaries), I reluctantly abandoned the search for this reason—they were probably destroyed in some unknown manner.

3. *Le Libre-Echange* (Jan. 24, 1847), p. 70, col. 1. That Spanish group also claimed "numerous supporters in Madrid, Seville, Granada, and Burgos."
4. The subquotation in Dr. Harper's letter is identified as an extract from chapter six of *An Economic History of Sweden*, by Eli F. Heckscher (Cambridge, 1954).
5. Clapham, J. H., *Economic Development of France and Germany, 1815-1914* (Cambridge, 1955), p. 74.
6. *Le Libre-Echange* (Jan. 24, 1847), p. 65, col. 1.
7. Cited from the transcript of the proceedings as reported in *Le Libre-Echange* (May 16, 1847).
8. Clough, S. B., *France: A History of National Economics, 1789-1939* (New York, 1939), p. 130.
9. Dunham, Arthur L., *The Anglo-French Treaty of Commerce of 1860*, p. 10.
10. Clement, Pierre, *Histoire de Systeme Protecteur en France depuis le Ministere de Colbert jusqu'a la Revolution de 1848* (Paris, 1854), p. 221.
11. *Revue des Deux Mondes*, vol. 17, p. 148.
12. Royer, Marcel, *Bastiat et le Protectionnisme*. (A doctoral thesis, Paris, 1911), pp. 113-4.
13. Nouvion, G. de., *op. cit.*, p. 253.
14. *Le Libre-Echange* (July 4, 1847), p. 252.
15. Several samples were preserved by Molinari, who assisted Bastiat in that journalism venture that had "a short existence." They are reproduced in Bastiat's *Complete Works*, vol. 7, pp. 210-35. Each of the "newspapers" was actually a single editorial on taxes, subsidies, guaranteed jobs, and various other issues of the times.
16. Three examples are printed in Bastiat's *Complete Works*, vol. 7, pp. 235-48.
17. *Complete Works*, vol. 5, pp. 94 through 335.
18. *Ibid.*, vol. 5, pp. 290-312.
19. *Ibid.*, pp. 314-5; note by the editor who was speaking from personal knowledge of the incident.
20. Reybaud, L., *Economistes Modernes*, *op. cit.*, pp. 151-2.

CHAPTER 9, PAGES 106-124

1. This speech is found in the *Compte Rendu* of the National Assembly, May 4, 1848-January 3, 1851, vol. 3, pp. 503-515, Archives of the National Assembly. The librarian there was most helpful to me in my research; he even made photostatic copies from the *Compte Rendu* of two long sections of Bastiat's speeches, and declined to accept payment for the service!
2. As previously noted, all of Cobden's letters to Bastiat were unfortunately lost. But we know the date and subject of that particular one because Bastiat specifically mentioned both of them in his replies of August 7 and 13. Also, the fact that "It concerned a simultaneous reduction in armaments in France and England" was confirmed by the editor of Bastiat's *Complete Works*, vol. 1, p. 178.
3. *Compte Rendu*, sessions of December 1, 1849-January 15, 1850, vol. 4, p. 159ff. Considering the merit of Bastiat's few speeches in the Assembly, it is perhaps surprising to discover that only two of them (including this one) have ever been extracted from the *Compte Rendu* and published.
4. *La Republique*, March 11, 1849.
5. *Journal des Economistes*, February 15, 1851, p. 189.
6. *Complete Works of Bastiat*, vol. 7, pp. 367-8.
7. Ronce, *op. cit.*, p. 180. As you know, the "citizen President," Louis Napoleon, soon abolished the Republic and declared himself Emperor. Bastiat clearly foresaw that eventuality.

CHAPTER 10, PAGES 125-132

1. During my research on the relationship between Bastiat and Chevalier, I discovered that another student—Marlis Steinert of the University of Saarland—had just completed her doctoral thesis (1956) on "Michel Chevalier: the evolution of his economic, social, and political thought." During a personal conference on our mutual interest, she most graciously gave me a copy of her thesis and told me that the evidence is conclusive that Bastiat was solely responsible for converting Chevalier from his former socialistic philosophy to one of free trade and the free market economy in general. My own research had already convinced me of that probability before I met Miss Steinert. Even so, her work on the subject was most helpful to me in several respects, and I hereby gladly acknowledge my debt. I have used from her manuscript four summary quotations in this chapter, including the one to which this note applies.
2. Strangely enough, two authorities have stated that Chevalier's original papers contain no evidence of any letters to or from Bastiat. Dr. Marlis Steinert, who consulted all of Chevalier's records while writing her thesis (cited above), said as much during our personal conference in the spring of 1957. And Professor J. B. Duroselle, who has a large part of Chevalier's original documents in his possession, confirmed that fact during a per-

sonal conference in the summer of 1957, as well as in a subsequent letter dated February 19, 1959. Further, I personally consulted that part of Chevalier's original papers now located in the National Library. In his letter, Professor Duroselle also added: "I am sure that the influence of Bastiat on Chevalier was most extensive."

3. Ronce, *op. cit.*, p. 199. While the international Peace Congress was devoted first to the abolition of war as an instrument of national policy, it also strongly tended toward a corollary to that theme—free trade. Both Bastiat and Chevalier (as well as their friend and co-worker Cobden) held the belief that free trade would eliminate one of the primary causes of armed conflict among nations.
4. *Complete Works of Bastiat*, vol. 1, p. XXXIV, introduction by Fontenay.
5. Reybaud, L., *op. cit.*, p. 242.

CHAPTER 11, PAGES 133-138

1. Professor Dunham, who is now retired and living in Ivy, Virginia, was kind enough to respond to a letter from me. In that letter of February 22, 1959, Dr. Dunham offered complete access to his notes and documents that are now located in the "Michigan Historical Collection," Rackham Library, University of Michigan. During a trip there in March, I spent several days going over those notes and documents.
2. Dunham, Arthur L., *The Anglo-French Treaty of Commerce of 1860* (Ann Arbor, 1930), pp. 18-38.
3. In fact, according to a letter to Cobden, dated Sept. 18, 1852, Chevalier had already been trying to persuade Louis Napoleon toward free trade, without much success. (Dunham, *op. cit.*, p. 41.)
4. That letter was included in an appendix to Price's book, *The Principles of Currency* (London, 1869), pp. 228-34.
5. Chevalier had previously initiated a long correspondence with Cobden on the subject. For example, in one month alone, February of 1856, he wrote Cobden three long letters concerning the possibility of a treaty. (Dunham, *op. cit.*, pp. 44-47.) Cobden had to be converted to the idea because he had always been opposed to the concept of a commercial treaty between two nations. (Dunham, *op. cit.*, p. 55. See also Hobson, *Richard Cobden: The International Man* [London, 1919], p. 274.) According to Cobden's principles, England should merely eliminate all remaining duties on French products and let the French government do as it wished concerning tariffs on English products. (Morley, *The Life of Richard Cobden*, vol. 2, p. 239.) Chevalier, however, succeeded in changing his mind and convincing him that France was a special exception. (Price, *op. cit.*, p. 230.)
6. No real purpose would here be served by filling several pages with the details of the negotiations of the 1860 Treaty. Since I have already acknowledged that the *facts* cited in this chapter

are mostly a summary of the published works of others (especially of Dunham), I feel that it would be presumptuous to do more than refer the interested reader to those books.

7. Gide and Rist, *op. cit.*, p. 371: "Cobden was not far wrong when he declared that nine-tenths of the French nation was opposed to it."
8. Horrocks, J. W., *A Short History of Mercantilism* (London, 1925), p. 180.
9. Dunham, *op. cit.*, p. 141.
10. Esslen, J. B., *Die Politik des Auswartigen Handels* (Stuttgart, 1925), p. 259.
11. Ashley, P., *Modern Tariff History: Germany, United States, France* (London, 1920), p. 302.
12. *Dictionary of Tariff Information* (U. S. Tariff Commission, Washington, 1924), p. 137.
13. Dunham, *op. cit.*, p. 142.
14. Ronce, *op. cit.*, p. 271.
15. *Complete Works of Bastiat*, vol. 1, p. XL.
16. Baudin, L., *Precis d'Histoire des Doctrines Economiques* (Paris, 1947), 4th ed., p. 132.

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There are probably thousands of books and articles that mention the name of Bastiat in passing. I have examined 50 or 60 books of that nature that are not listed in this bibliography. I have here recorded only those books, articles, and documents that have been of value to my subject.

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French Constitution of 1958. Copy supplied by French Embassy in New York.

Journal des Economistes (Paris). Most of Bastiat's longer articles originally appeared in this journal during the years 1844-1850. Complete files of the journal are available at the Bibliotheque Nationale, as well as the Rackham Library, University of Michigan, and other libraries. Bastiat's 28 original articles appeared in the following numbers: Vol. 9, no. 35; vol. 10, no. 39; vol. 11, no. 41, 43, and 44; vol. 12, no. 45 and 47; vol. 13, no. 49, 50, and 51; vol. 14, no. 53, 54 (two articles), and 55; vol. 15, no. 57 and 59; vol. 16, no. 61 and 62; vol. 18, no. 69; vol. 19, no. 74 and 76; vol. 20, no. 80 and 82; vol. 22, no. 93; vol. 23, no. 97 and 98; vol. 27; vol. 28. (The "obituary of Bastiat" is also contained in vol. 28.)

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Lettres de Michel Chevalier. Bibliotheque Nationale, salles des manuscrits, nouvelles acquisitions francaises, numbers 1302, 7556, and 24609. Additional letters of Chevalier, belonging to Miss Flourens, are in the possession of Professor J. B. Duroselle, Paris.

Lettres d'un habitant des Landes (Paris, 1877). These are Bastiat's personal letters to Mr. and Mrs. Chevreux, the family that offered him a "second home" in Paris. Mr. Chevreux was a minor collaborator on *Le Libre-Echange*. The letters were designed primarily to entertain. They are more literary than political or economic.

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The Index to Persons

Prepared by Vernelia A. Crawford

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